Social Security

IN THE

United States

UNITED STATES DEPARTMENT OF

HEALTH, EDUCATION, AND WELFARE

Social Security Administration • 1957

FOREWORD

This pamphlet is designed to explain briefly the social security programs and the principal related public programs that are in effect in the United States today. Chief emphasis has been placed on programs authorized by the Social Security Act but other public income-maintenance plans have been included to give a broader perspective of public economic security activities in this country than can be obtained from Social Security Act programs alone. In order to achieve brevity, it has not been possible to describe or even indicate the activities of many private organizations that are contributing so much to the well-being of families in the United States.

Public efforts to promote what is now called social security have deep roots in our national life and outdate by many years the passage of the Social Security Act. For many years after the colonization of America, relief of the poor was carried on by local communities. Later the States assumed part of the responsibility for public welfare programs. The local origin of such programs is reflected by the fact that all but one of the programs authorized by the Social Security Act are operated by the States and their political subdivisions. The Federal role in these programs is to help finance them, to see to it that the States conform to the standards in the Federal law, and to assist the States in improving their programs.

Other public programs that relate to social security are carried on under many other laws—Federal, State, and local. As in so many aspects of our national life, there are wide differences among programs of a given type, reflecting the particular objectives and traditions of the State or locality maintaining the program.

Previous editions of this pamphlet have been used by study groups and have been particularly helpful to administrators and students from other countries. This printing includes changes made by the Social Security Amendments of 1957 and of other legislation enacted since the last edition was published.

C. I. Schottland
Commissioner of Social Security

August 1957

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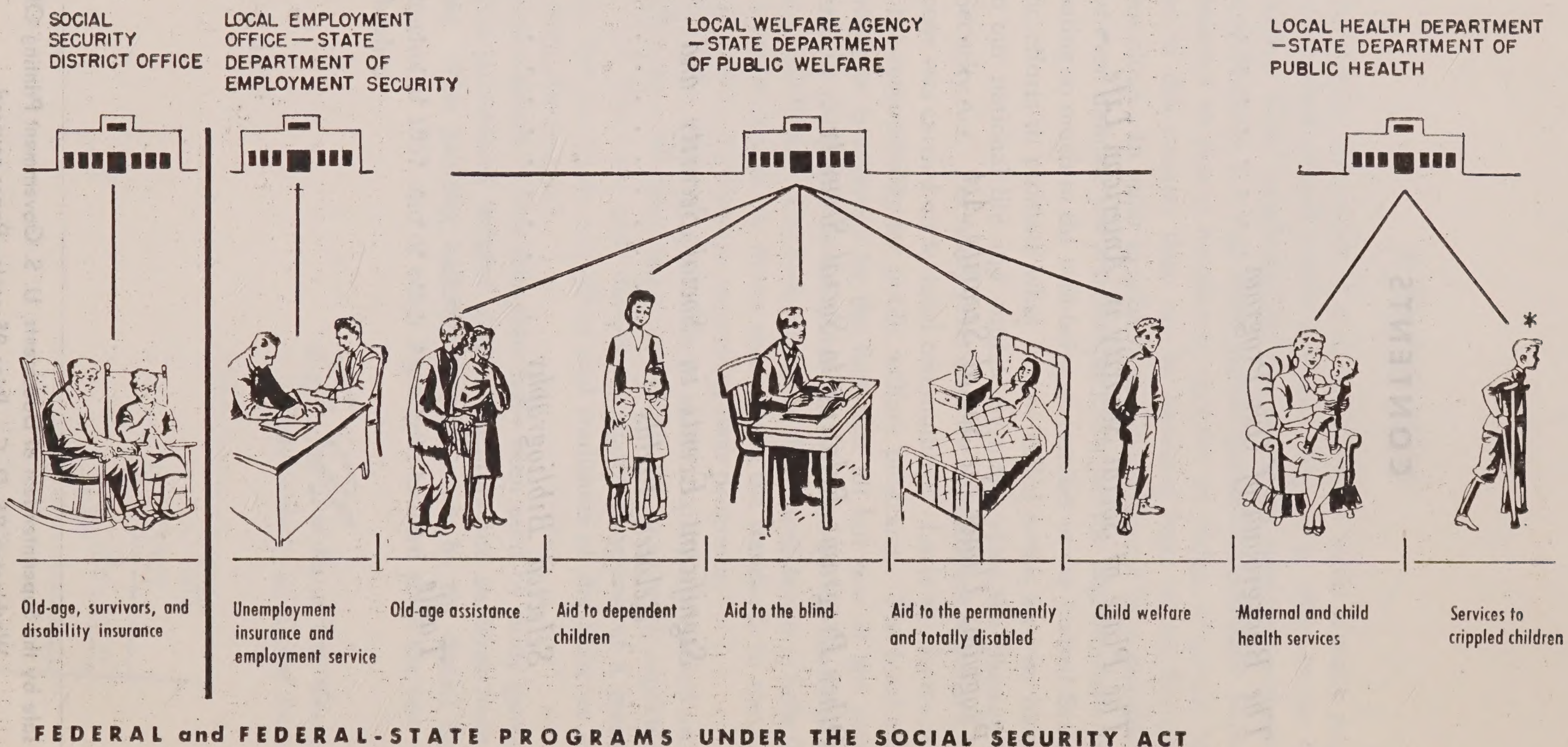
The local offices serve individuals and families



* Some crippled children agencies are not in the State health departments

ONE

The Background of Our Program

SINCE 1935, social security programs have built up basic protection for most families in the United States against social risks that very few can be sure of meeting wholly through their own efforts—the risks of loss or lack of income when the breadwinner is out of a job, is old or has to retire prematurely because of total disability, or dies leaving others who depended on him for support. These are social risks that have increased as countries become industrialized and their people increasingly depend on money income for their livelihood.

Social insurance is helping or stands ready to help millions of families to keep their financial independence when earnings are interrupted or cease. For those who cannot qualify for insurance benefits or who have special needs not covered by social insurance, the public assistance programs provide resources related to individual need.

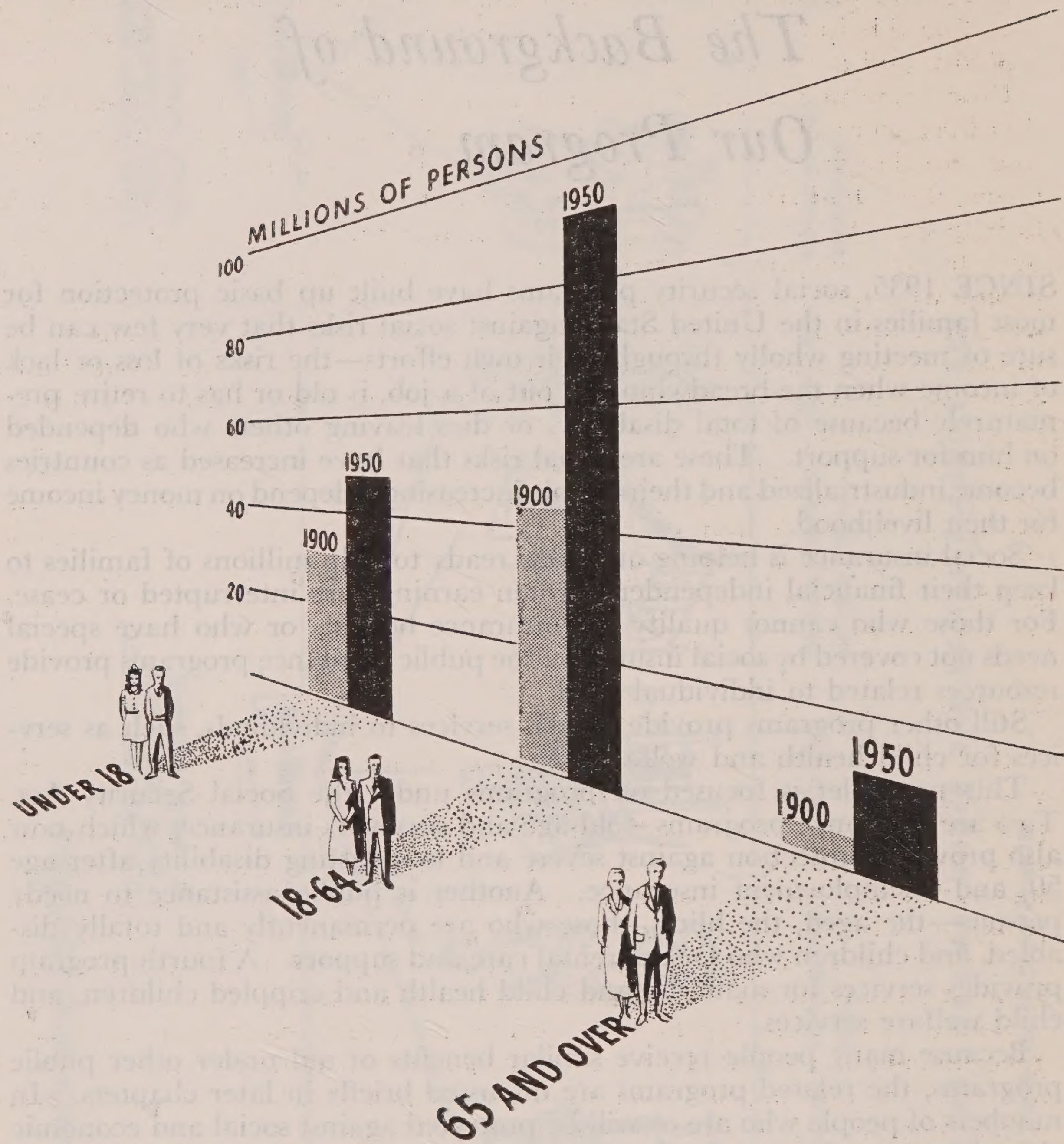
Still other programs provide special services to individuals, such as services for child health and welfare.

This pamphlet is focused on programs under the Social Security Act. Two are insurance programs—old-age and survivors insurance, which now also provides protection against severe and long-lasting disability after age 50, and unemployment insurance. Another is public assistance to needy persons—the aged, the blind, those who are permanently and totally disabled, and children who lack parental care and support. A fourth program provides services for maternal and child health and crippled children, and child welfare services.

Because many people receive similar benefits or aid under other public programs, the related programs are discussed briefly in later chapters. In numbers of people who are or will be protected against social and economic risks, however, the programs under the Social Security Act are by far the most important.

The social security programs are part both of a larger public program of social welfare and of the whole scope of private and individual action to achieve security and the basis for a good life for all. It is not possible to discuss in this pamphlet our public health programs, with their achievements in general community sanitation and health and their efforts to prevent or wipe out such diseases as tuberculosis or to limit the disabling effects of heart disease or other chronic conditions. Nor can this discussion deal with the special problems of institutional care or vocational rehabilitation or many other related public programs. In varying degrees, each of the social security programs with which we are directly concerned is supplemented by privately organized benefit programs, and by private charitable activities as well as by all the measures for security that families take individually. While these related measures cannot be described here, it will be evident that their existence has helped mold the social security programs and that these programs can only be understood in relation to the larger picture.

In 50 years the number of aged persons in the population increased fourfold



Factors That Shaped Our Program

Our social security program has been shaped by longstanding traditions and developments in our country.

As a young country with rich natural resources, the United States has offered opportunity to most of the millions who came to its shores and to their descendants. Until about the 1890's, we had free land to be had for the claiming. There has been a general belief that anyone, no matter how poor his start, could get security, if not riches, for himself and his children.

From colonial times, however, villages and towns were responsible for aiding the needy. "Paupers" sometimes got public help in the form of food or fuel. Sometimes they were cared for in a poorhouse. Aid was often given grudgingly. There was a common feeling that people who needed continued help from the community were shiftless or lazy.

Early Provision for Special Groups

As the country developed, however, towns and States began to realize that certain groups of people who could do little to support themselves might need help for a long time. Among these were old people, widows and orphans, and persons too disabled to work.

Progress in public health was increasing the proportion of the population that lived to reach old age. Yet families were smaller and there were fewer sons and daughters to help care for aged parents and other relatives. On farms, there had been many chores that old people and children could do to help earn their keep; in the city, they had fewer chances to earn their own living. Factories, offices, and stores wanted full-time workers and people who could work at a given pace. Many of the newer kinds of work were very difficult for old people. Children in both country and city began to need more years of schooling to equip them for modern life. Eventually States passed laws forbidding child labor and requiring children to continue in school until age 14 or 16.

By 1935, nearly all States had laws for "mother's aid," usually aid to mothers of children whose fathers had died. Twenty-four States had laws for aid to the blind, and 30 for "pensions" to needy old people. Many of these laws were not in full operation. Often operation of a program depended on the ability of the county to pay for it; if county funds were low, no aid was given.

The Beginnings of Social Insurance

Both the Federal Government and the States also recognized, over the years, that the needs of some groups of people could best be met by using principles of social insurance. The first State workmen's compensation law to be held constitutional was adopted in 1911. By 1930, all but four States had such laws. These laws made industry responsible for the costs of compensating workers or their survivors when the worker was injured or killed in connection with his job. Similar Federal laws were passed to protect Federal employees and longshoremen and harbor workers.

Before 1930, also, the Federal Government and many State and local governments had adopted retirement programs for their employees. Some of these programs provided annuities for persons who had to retire because of disability as well as those who retired in old age.

The Great Depression

Private relief agencies had begun to develop in the middle of the nineteenth century, but there were few outside the big cities. In 1929, when the great depression began, probably three-fourths of all relief was supported by public funds. Most of this public relief was paid out of local funds by villages, towns, or counties operating under a State law. The States' chief responsibility for public welfare was to provide care in institutions, such as State institutions for mentally sick or defective persons.

The depression swept away millions of jobs, and many families lost their savings in bank failures and mortgage foreclosures. It became clear that neither the local communities nor the States could meet the growing need among their people. Beginning in 1932, the Federal Government first made loans, then grants, to States to pay for direct relief and work relief. Then special Federal emergency relief programs were started. All these were efforts to lighten existing and immediate suffering. People began to

ask increasingly, however, for ways to prevent suffering and the need for relief.

In June 1934 President Roosevelt sent a special message to Congress urging legislation on economic security. He also appointed a committee, made up of Cabinet members and others, to study economic security and recommend ways to promote it. This committee was assisted by a technical staff and by an advisory council of citizens outside the Government.

In its report the committee declared its belief that a program of economic security "must have as its primary aim the assurance of an adequate income to each human being in childhood, youth, middle age or old age—in sickness or in health. It must provide safeguards against all of the hazards leading to destitution and dependency." The beginning, however, would have to be "piecemeal." The report declared that the first objective must be to find jobs for everyone who could work, through stimulating private employment and providing public employment for able-bodied persons whom private industry could not employ at a given time. It declared that more aid was necessary at once for needy persons who could not earn—old people, the blind, and children. Among other measures to prevent need the report recommended unemployment insurance and old-age insurance.

The Social Security Act

After long study and extensive hearings, Congress passed the Social Security Act. It became law with the President's signature on August 14, 1935. This law provided for Federal grants-in-aid to States to help them aid the needy aged and blind and the children who had been deprived of support or care by a parent's death, incapacity, or absence from home. It established other Federal grants to enable States to extend and strengthen maternal and child health services, services for crippled children, and child welfare services.

All these programs were ways of promoting economic security or social well-being, and all were already in use, in one form or another, in some parts of the United States. (The act also provided Federal grants to States for public health services and services for vocational rehabilitation. Provisions for these grants, which are now administered by the Department of Health, Education, and Welfare, were later removed from the Social Security Act and incorporated in other legislation.)

The Social Security Act also set up a Federal system of old-age benefits for retired workers who had been employed in industry and commerce, and it provided for a Federal-State system of unemployment insurance. These programs represent the first steps in social insurance taken for our country as a whole. The choice of old age and unemployment as the risks to be covered by insurance was doubtless due to the time the law was passed. In the depression years our most striking causes of insecurity were mass unemployment and problems of old-age support.

The Social Security Act made it a responsibility of the department concerned with administering the Federal provisions of the act to continue to study and recommend ways to improve the program. Congress has passed various amendments to the act, notably in 1939, 1950, 1954, and 1956. Some of these have had to do with financial and administrative arrangements and with increases in benefit levels. Others have made important changes in the scope and character of the program.

In 1939, Congress made the old-age insurance system a family program rather than a program for retired workers alone. It added "dependents"

benefits for the wife and dependent children of a retired worker and it provided "survivor" benefits for certain dependents of an insured worker who dies either before or after he has reached retirement age. The amendments also made benefits first payable in 1940, instead of 1942 as originally planned.

In 1950, the old-age insurance system was broadened to cover many jobs that had at the beginning been excluded chiefly because experience was needed to work out ways to report earnings and collect contributions from persons in such work. Among these were regularly employed farm and household employees, and most persons—other than farmers—who work for themselves. Employees of State and local governments, if not protected by public employee retirement systems, and employees of nonprofit organizations were covered by special arrangement on a voluntary group basis.

In 1954 and 1956, further extensions of coverage brought farm operators, most self-employed professional people, State and local employees covered by retirement systems (except for policemen and firemen), and the members of the Armed Forces into the system. All gainfully employed workers are now covered, with the exception of some government employees who have separate retirement protection, self-employed doctors of medicine, farm and domestic workers who are not regularly employed, and very low-income self-employed people.

The scope of the basic national social insurance system was significantly broadened in 1956 through the addition of disability insurance. Beginning in July 1957, benefits are payable to insured persons between the ages of 50 and 65 who are unable to work because of severe and extended disability. Provision was also made for the payment of benefits to persons disabled prior to age 18 who are dependent children of retired or deceased workers. The 1956 amendments also lowered the minimum eligibility age for women from 65 to 62, with actuarially reduced benefits in the case of women workers and wives.

Other programs established by the Social Security Act have also been significantly changed during this period. Congress broadened the Federal-State assistance program in 1950 by providing Federal grants-in-aid to States for aid to needy persons aged 18 and over who are permanently and totally disabled.

In 1952 and again in 1956, Congress revised the formula for Federal grants to the States to provide for additional Federal funds to States for old-age assistance, aid to the blind, aid to dependent children, and aid to the permanently and totally disabled. Furthermore, through the 1956 amendments, the objectives of the assistance programs were broadened through two important changes: first, a new provision in each program for separate Federal sharing in State medical care costs paid directly to suppliers of medical services in order to increase the availability of medical care; and, second, the inclusion in each of the four public assistance titles of the objective of furnishing appropriate social services to help needy persons achieve more independent living and, in general, to strengthen family life. New provision was also made for Federal funds to assist States in making grants for training to increase the availability of skilled public assistance personnel.

In 1954, Congress made the first major extension of coverage under the unemployment insurance program by including employees of firms employing 4 to 7 workers in 20 weeks, after January 1, 1956. It also added a new title to the Social Security Act, providing unemployment insurance benefits for Federal civilian employees, beginning January 1955, financed from

Federal funds and paid by State agencies under their own benefit formulas as if the Federal employment had been service under the State law.

The Federal Government and the States

Old-age and survivors insurance with disability insurance now added, is the only program under the Social Security Act that is wholly Federal. The act stimulated the development of public assistance, unemployment insurance, and child health and welfare services, but these programs are administered by States, or States and their localities, under State laws.

The Federal Government shares in unemployment insurance by grants to States to pay the costs of administering unemployment insurance laws. Benefits are financed by employer contributions to the State systems. In public assistance and the special services for children, Federal funds share part of the cost of carrying out State plans that meet certain requirements of the Federal law. Federal agencies also supply services to help the States improve their programs and act as a clearinghouse for information so that all States can benefit from experience in others.

Federal-State cooperation under the Social Security Act is in keeping with the nature of our constitutional government. The Constitution created a Central or National Government to which certain specified powers were delegated by the States. Among these were the power to collect taxes to "provide for the common defense and general welfare of the United States," and the power "to regulate commerce . . . among the several States," as well as the broad grant of responsibility "to make all laws which shall be necessary and proper" for carrying into execution the enumerated powers "and all other powers vested by this Constitution in the Government of the United States, or in any department or officer thereof." All powers not expressly delegated to the National Government, however, or not inherent or implied in those powers are "reserved to the States respectively, or to the people."

From the earliest days of the Republic the Federal Government has made grants of land or funds to States to assist them in carrying out certain services that are "clothed with a national interest." The first grant, before the Constitution was adopted, was under the Ordinance of 1785, when one section of every township to be established in the undeveloped "Northwest" territory between the Ohio and Mississippi Rivers was set aside for the "maintenance of public schools within the said townships."

Thus, the Federal Government saw to it that public schools would be established in the townships of the future States, but it left control of the public educational system to the localities and the States. For the first 125 years, most of the Federal grants to States were for educational purposes. Grants for public development of public roads, conservation and development of natural resources, public aid, employment security purposes, and health and welfare services have been made only since 1910.

The Federal Government undoubtedly could have carried on many of the activities for which grants to States have been made, acting under its delegated powers. The decision to leave operation of a particular service to State and local control has been largely a matter of policy, in keeping with our traditions of local enterprise, initiative, and democratic controls. Many programs in the fields of health and welfare have been traditionally within the province of the States.

When the national interest has been very strong, however, the Federal Government has been considered justified in taking over full responsibility.

In the early years of the Republic, medical care of merchant seamen was made a responsibility of what is now the United States Public Health Service. The health of members of the Armed Forces, of Indians, and of war veterans has always been a Federal responsibility.

In drafting the Social Security Act, Congress took care to emphasize that its provisions for social insurance rested squarely on the power of the Federal Government to tax and spend for the general welfare. The United States Supreme Court declared both the old-age and unemployment insurance programs constitutional in the spring of 1937. In delivering one of the opinions of the Court, Mr. Justice Cardozo declared:

> Needs that were narrow or parochial a century ago may be interwoven in our day with the well-being of the nation. What is critical or urgent changes with the times. The problem of preventing want in old age is plainly national in area and dimensions. Moreover, laws of the separate States cannot deal with it effectively. . . . Only a power that is national can serve the interest of all.

TWO

The Place of Social Security in American Life

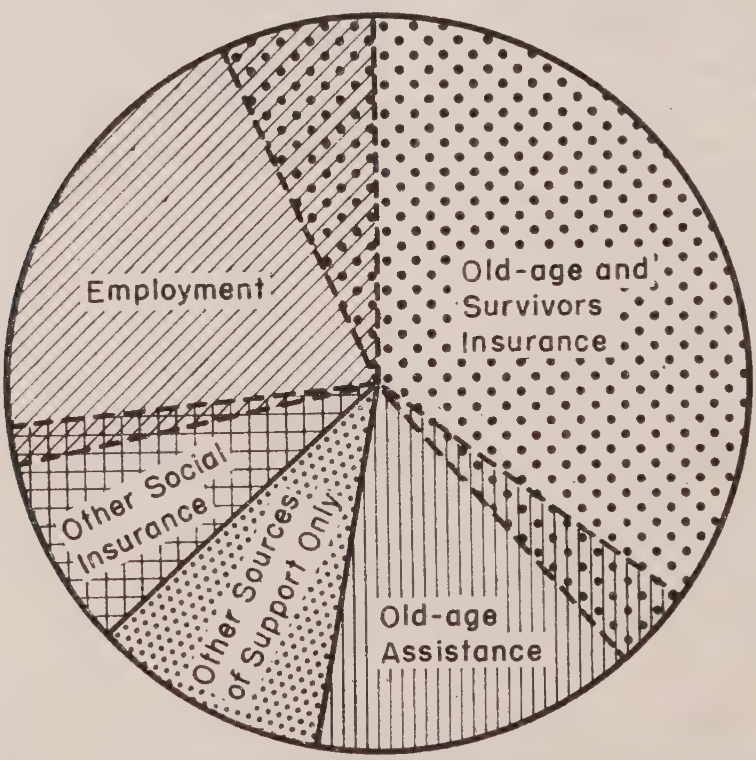
SOCIAL SECURITY and related programs in the United States promote the well-being of individuals and families and communities. They are carried out through the concerted efforts of the Federal Government and the States.

Insurance and Assistance Programs

Old Age

In June 1956, about 14.5 million persons in the United States had reached or passed the age of 65. Close to 30 percent of these—almost 4.3 million—were in jobs or were the wives of men who were working. About 6.6 million were receiving Federal insurance benefits under the Social Security Act, including the benefits paid to retired workers and to aged wives, widows, and parents. There were about 2.5 million recipients of old-age assistance under the Federal-State program. Some persons are counted twice in these figures inasmuch as more than half a million old-age and survivors insurance beneficiaries were receiving supplementary payments under public assistance, and probably almost a million were working or were the wives of earners.

Where aged persons get their cash income



Number of persons 65 or more estimated as of June 1956

Of the total aged population, three-fourths had some money income from social insurance, employment, or the veterans' program, and more than half of the others received public assistance. This left approximately 1 in 10 who had no money income from employment or a public income-maintenance program and whose cash income, if any, was from investments, children or other relatives.

Social Security Act Programs.—Together, the insurance and assistance programs established by the Social Security Act were providing a major source of income for 8½ million persons 65 and over in June 1956—about three out of every four of the aged population not primarily supported by earnings.

Increasingly the social insurance program has reached more and more of the aged group and the public assistance program has served as a backstop for individuals whose insurance benefits are inadequate for their needs, either because of small benefits due to low or irregularly covered wages or because of special needs such as medical care.

When the Social Security Act was formulated in 1935, there was clear recognition of the continuing need for public assistance as well as social insurance. The Committee on Economic Security, in suggesting a dual attack on the insecurity of old age, stated: "An old-age insurance program could be expected in time to carry the major, but never the entire load. . . . Assistance programs have a definite place, even in the long-time planning for old-age security."

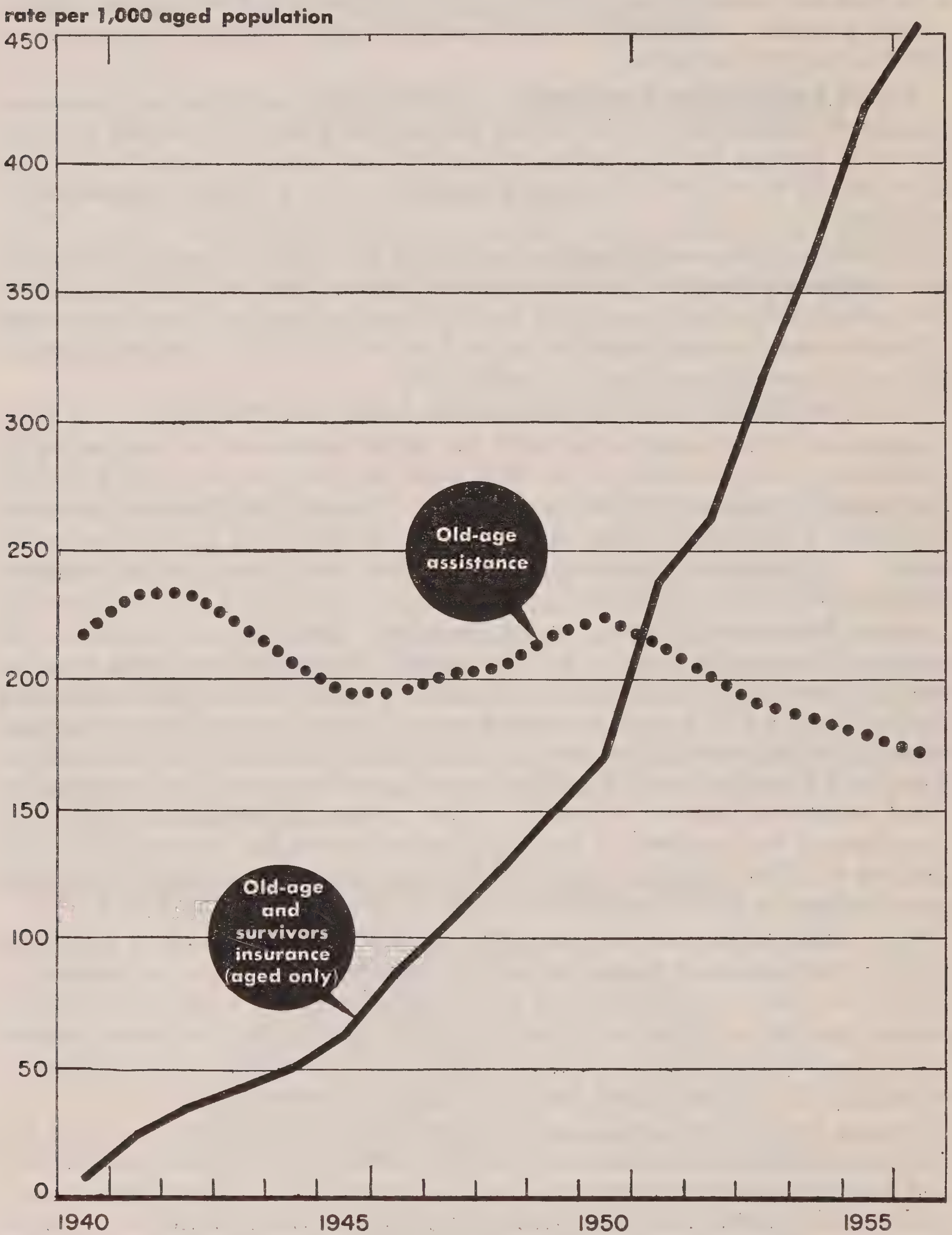
Since February 1951, the social insurance program can be said to be carrying "the major load." In that month, the number of aged drawing old-age and survivors insurance benefits passed 2.8 million, exceeding slightly for the first time the number on old-age assistance. Since the autumn of 1950, the old-age assistance rolls have dropped slightly—ranging between 2.5 million and 2.6 million in the past few years—but significantly when measured against the growth in the total aged population. Over the same period the number of insurance beneficiaries has risen rapidly. By the end of 1956, aged beneficiaries receiving insurance payments outnumbered recipients of old-age assistance by a ratio approaching 3 to 1.

The ratio of insurance beneficiaries to assistance recipients is especially high in the industrial States, where the insurance program has covered a larger proportion of all work and for a longer period of time. Before 1955 people now old were not as generally able to qualify for insurance benefits in areas where agriculture is important. The coverage of self-employed farmers and farm employees has changed this situation.

Among people now in paid employment in the United States, about 9 out of 10 are in jobs in which they are earning credits toward old-age, survivors, and disability insurance under the Social Security Act. Two sizable groups whose work is not covered are civilian employees of the Federal Government who have their own retirement system, and doctors of medicine. Also, as the insurance program continues, many people who spent part of their working life in noncovered work will have had enough covered employment or self-employment to have benefit rights under the system.

At the beginning of 1957, some 103 million persons in the United States held wage credits they had obtained under the Federal system at some time since 1936 when wages were first credited. Of these, 73 million were insured. About 34 million of the 73 million were permanently insured; that is, even if they have no more covered work, benefits will be payable to them at retirement age or to their survivors. The remaining 39 million

OAA recipients and OASI aged beneficiaries per 1,000 population age 65 and over, June of each year 1940–56



were insured for survivor benefits for at least a limited time, but as time goes on they will have to have some additional covered work to qualify for retirement benefits. These figures do not include members of the families of insured workers.

Many of the old people receiving either insurance or assistance are incapacitated for work by disability or the infirmities of age. Operation of the programs shows, however, that most old people want to work when they can do so and can get a job. When World War II brought more jobs and better earnings to old people and members of their families, the num-

ber of persons receiving old-age assistance declined for the first time since the program began in 1936. An insured worker can retire and claim his benefit at age 65 (age 62 for women), but the average age at retirement under the program has actually been 68–69 years. Moreover, for the month of June 1956, benefits were withheld from 4 in every 100 old-age beneficiaries on the rolls because they had earnings of more than the exempt amount ($1,200 in a year). In other words, these persons had chosen to give up benefits for a month or more in order to earn.

Studies of the Bureau of Old-Age and Survivors Insurance show that benefits are very important to the security of most old people on the rolls. In a nationwide survey of resources of aged beneficiaries in 1951, for example, only one in every eight beneficiaries, if they had not received their benefit, would have had retirement income of $50 or more per person per month—that is, $50 or more for a single beneficiary and $100 or more for a couple. (Retirement income, as defined, included income from annuities or investments, veterans pensions, or retirement pay from private employers.) Almost two-thirds of the beneficiary group—single beneficiaries and couples—would have had nothing or less than $75 per person for the entire year, had it not been for their old-age or survivor benefits.

Other programs.—Other social insurance and related programs (described in chapter IV) were providing some income in June 1956 to about 1.9 million persons aged 65 and over. These included persons receiving payments under the railroad retirement system, retirement programs for employees of Federal, State, and local governments, and the veterans program. An unknown number of old people were in families receiving general assistance. It is estimated that more than 1 million aged persons (including aged wives of pensioners) were receiving payments under private industrial pension plans; most of these were also receiving social insurance benefits. Some persons or couples receive payments under more than one of the social insurance and related programs.

There is no way to estimate the precise extent to which public programs are cutting down old-age insecurity in the United States. But it is clear that they have helped to reduce old-age dependency and are contributing to peace of mind and comfort in millions of homes where people are now old or are making provision for their future old age.

Disability

On an average day probably more than 5 million persons between the ages of 14 and 65 are too sick or otherwise disabled to go about their usual pursuits—in jobs, at home, or at school. Of these, an estimated 3.7 million would be at work or seeking work except for their disability, including about 2.2 million would-be workers who are kept out of the labor force by chronic illnesses lasting 6 months or more. The number of disabled persons is increasing and probably will continue to increase as more and more of the population live to reach middle and later age.

Under old-age, survivors, and disability insurance a person who becomes too disabled to work may now apply to have his social security earnings record "frozen" during his period of disability to protect his future rights to benefits and the benefit amount.

Between age 50 and 65 a disabled worker may be eligible for disability insurance benefits equal in amount to the old-age insurance benefit for which he would be eligible if he were already 65. The first disability insurance benefits were payable for July 1957. A disabled worker's dependents do not get benefits until he becomes entitled to old-age insurance

benefits at regular retirement age. The totally disabled dependent son or daughter of a retired worker or of a deceased insured worker may receive child's insurance benefits even after reaching age 18. To be eligible for these disabled child's benefits the individual must be unmarried and have become totally disabled before his 18th birthday.

Other than these provisions, the United States has no general social insurance program against loss of earnings from disability except the State and Federal workmen's compensation laws. These workmen's compensation laws cover only disabilities from work-connected causes, which are a small part—perhaps 5 to 10 percent—of all permanent or temporary disabilities at a given time. Railroad workers have social insurance against permanent or temporary disabilities, and other particular groups have some protection under retirement programs for public employees. The veterans program provides hospital and medical care and cash benefits for veterans with service-connected disabilities and sometimes also for their dependents. In some circumstances, veterans receive similar benefits for non-service-connected conditions. In three States, all workers insured under the State unemployment insurance law, and in a fourth State substantially all such workers, may receive benefits for temporary periods of unemployment due to disability.

In addition, there are the Federal-State public assistance programs for aid to the blind and to permanently and totally disabled persons over age 18. Sickness or other disability is responsible for the need of many of the families receiving aid to dependent children or general assistance. Past or present sickness or other disability underlies the need of many of the people on the old-age assistance rolls.

Unemployment

During the year ending June 30, 1957, over 43 million persons, on the average, were in jobs covered by unemployment insurance laws administered by the States. Another 1.3 million were in covered railroad employment. Together they represented more than three-fourths of the total average employment of wage and salary earners in the United States. Over a year, even larger numbers of persons earn some rights to unemployment benefits. Most of the jobs not covered are on farms, in State and local government employment, in domestic service, or in the small firms excluded under most State laws. Farmers and other self-employed persons also are not covered by unemployment insurance laws because of the problems involved in determining objectively whether their unemployment is involuntary and beyond their control.

Even in a prosperous year, millions of persons lose a job, register for work at a public employment office, and enter their claim for benefits. They may be out of work, for example, because a firm has gone out of business or because a plant has shut down for the slack season or to retool or take inventory. When employment conditions are good, one out of every four or five insured claimants gets new work for which he is fitted by the time he has served his waiting period—usually a week. In this event, workers do not receive any benefits. Others get jobs after they have drawn benefits for a week or two. Still others, for whom no suitable work can be found, receive payments for a longer time, perhaps until they have exhausted their benefit rights, which may be from 6 to 30 weeks depending on the State law and the individual's previous employment and earnings.

Since a worker's unemployment benefit represents only part of the amount he has been earning and since it can be paid only for a limited

time, it is to his advantage financially as well as in other ways to get back to work as soon as he can. In 1956 less than one in four who drew any benefits was out of work long enough to draw all the benefits to which he might have been entitled.

Unemployment insurance thus has become a resource on which most wage earners' families can depend, along with their own savings, to tide themselves over a few weeks or months when the breadwinner is out of a job. In a major depression like that in the 1930's many persons would use up all their rights to benefits and still be unable to get work. Additional measures might then have to be adopted.

It is important to the country as well as the unemployed worker that he should have time to look for a job that uses his best skills. When a worker is forced to take the first stopgap opening of which he hears, in order to meet bills and stay out of debt, our labor force is not used effectively. It is also to the advantage of employers that their experienced workers should not have to drift away in search of other jobs when a plant closes for a limited period. This was especially important during the war, and again during the defense program, when many plants had to close for weeks or months to retool in order to turn out goods needed to defend the country. When a big concern in a town closes down, unemployment benefits to the workers who lose their jobs help grocers and other businessmen and landlords throughout the town to continue to make their living until the factory whistle blows again.

Death of the Breadwinner

Families with large numbers of children have lower than average income. Rural areas where income levels are low have more than their proportionate share of the Nation's children. In many families with young children, the father has not yet reached his peak earning power and the mother is needed at home. The parents have had to meet the extra expenses of setting up the home and starting the family, and so they often have not been able to save much money.

For these reasons, it is especially important that families with children have some assured means of support when the breadwinner's earnings stop or are greatly reduced. Because of the survivor protection under Federal old-age and survivors insurance, nine out of ten of the mothers and young children in the Nation now have the assurance that they can receive monthly benefits if the father dies.

At the beginning of 1957 there were over 1.9 million children under age 18 whose fathers had died and about 690,000 unremarried widows with children in their care. About half of these widowed mothers were working. Over two-fifths of the mothers and almost three-fifths of the children were receiving monthly survivor benefits from the old-age and survivors insurance program, though the broader coverage provided in 1954 was not yet fully effective. Almost one-fifth of the children whose fathers had died were benefiting from other social insurance and related programs. Only one in ten received payments under the program for aid to dependent children.

The effect of social insurance in helping to prevent need and dependency is reflected in the program of aid to dependent children. In the early days of the assistance program, more than a third of the families receiving assistance were being aided because the father was dead. Now this is true of only about one in eight. Increasingly, the children on the assistance rolls—more than 1.7 million in all at the end of 1956—are in need because the father is absent from the home or is physically or mentally incapacitated.

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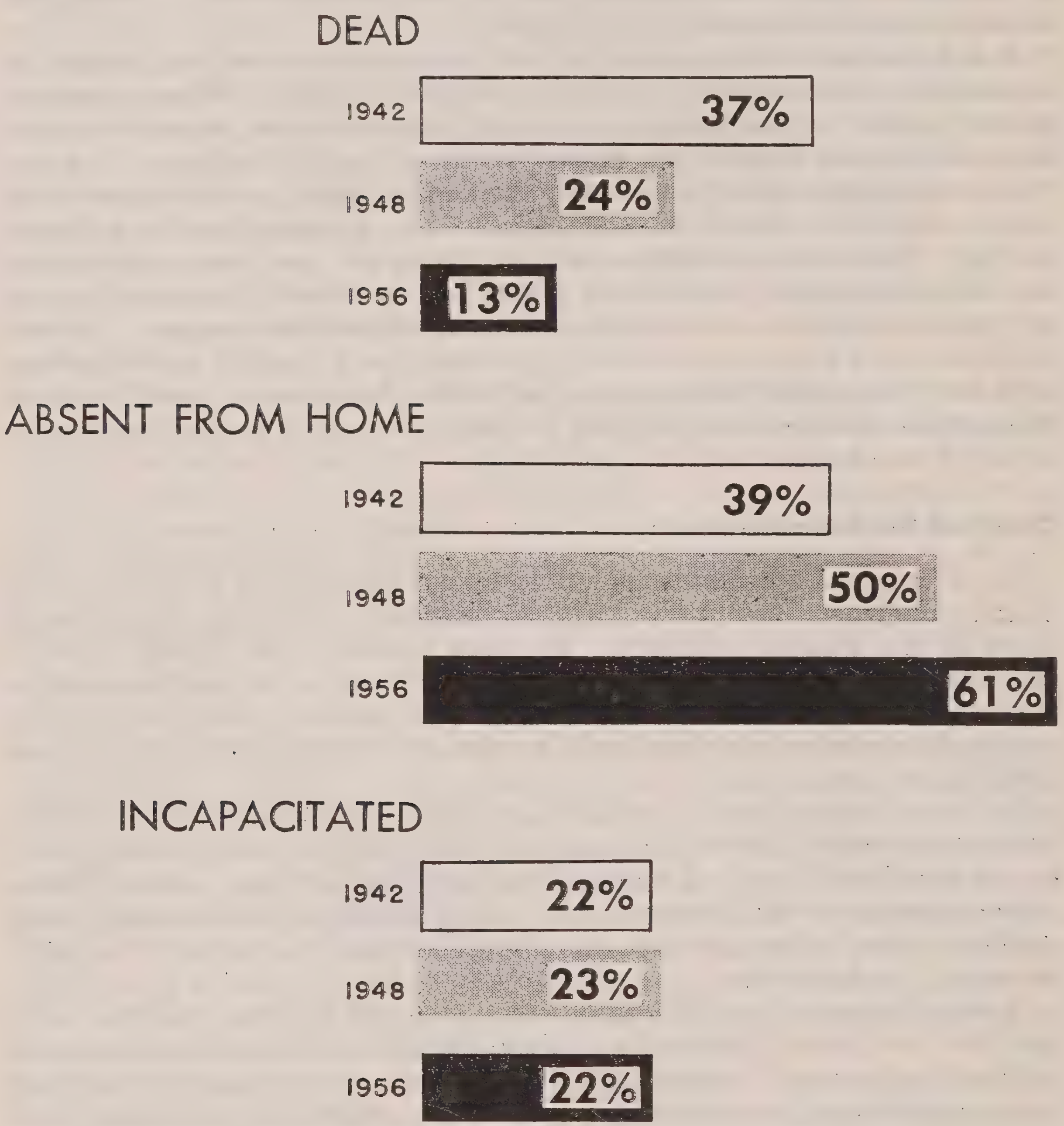
As more survivor families receive social insurance, death of the father is a less important factor in the need for assistance

FAMILIES RECEIVING AID TO DEPENDENT CHILDREN BECAUSE THE FATHER IS . . .



Health and Welfare Services for Children

Public welfare programs have had an important place in our national life. These programs, carried out by local, State, and Federal governmental units, embrace a wide variety of general health and medical services as well as special programs developed to safeguard certain groups of the population.

Families and their communities and the Nation have a special stake in the community services that help assure children a fair start in life. The security of the Nation depends, in the long run, on the security of

its children. Congress therefore, in addition to providing in the Social Security Act specific payments for children in particular circumstances, under the aid to dependent children and old-age and survivors insurance programs, included grants to States to strengthen their special health and welfare services for children. These services are, in turn, only part of the many other services—beyond the scope of this discussion—that have been built up over the years through community and State action to promote the well-being of children and youth.

It is impossible to tell how large a proportion of the Nation's children are benefiting directly or indirectly from the health and welfare services administered by the States and localities with the help of grants under the Social Security Act. The Children's Bureau, of course, can count up the numbers who receive certain definite services under State programs in which Federal funds are used.

In 1956, for example, some 300,000 crippled children received services from doctors and nearly 1,100,000 babies and children under school age were seen by doctors at well-child conferences. Physicians made more than 1.9 million school health examinations, and nurses made about the same number of field and office visits for school children. Federal funds help provide welfare services for many children, especially rural children, who are living with their parents or in foster homes or institutions. Such services aim, through prevention and treatment, to help with problems that hinder the full social and emotional development of children.

In addition to the children who receive these and other services directly, millions benefit from the programs in other ways. The State programs and the studies and conferences and publications of the Children's Bureau help families in all parts of the country and all walks of life to give their children a safer and better start. They all encourage communities to improve other conditions that affect the well-being of children.

Expenditures for Social Security

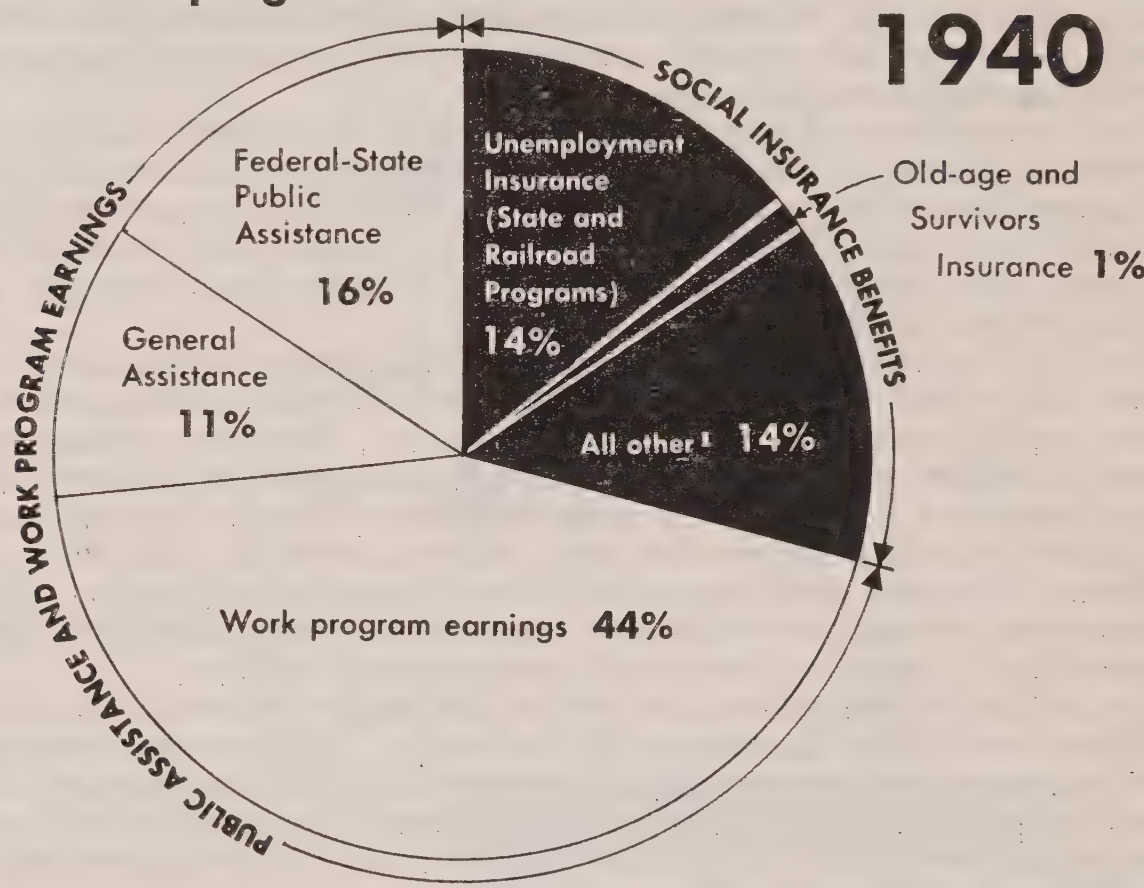
Expenditures under social security and related programs in 1956 and the beneficiaries under those programs at the end of the year are summarized in a table at the end of this volume.

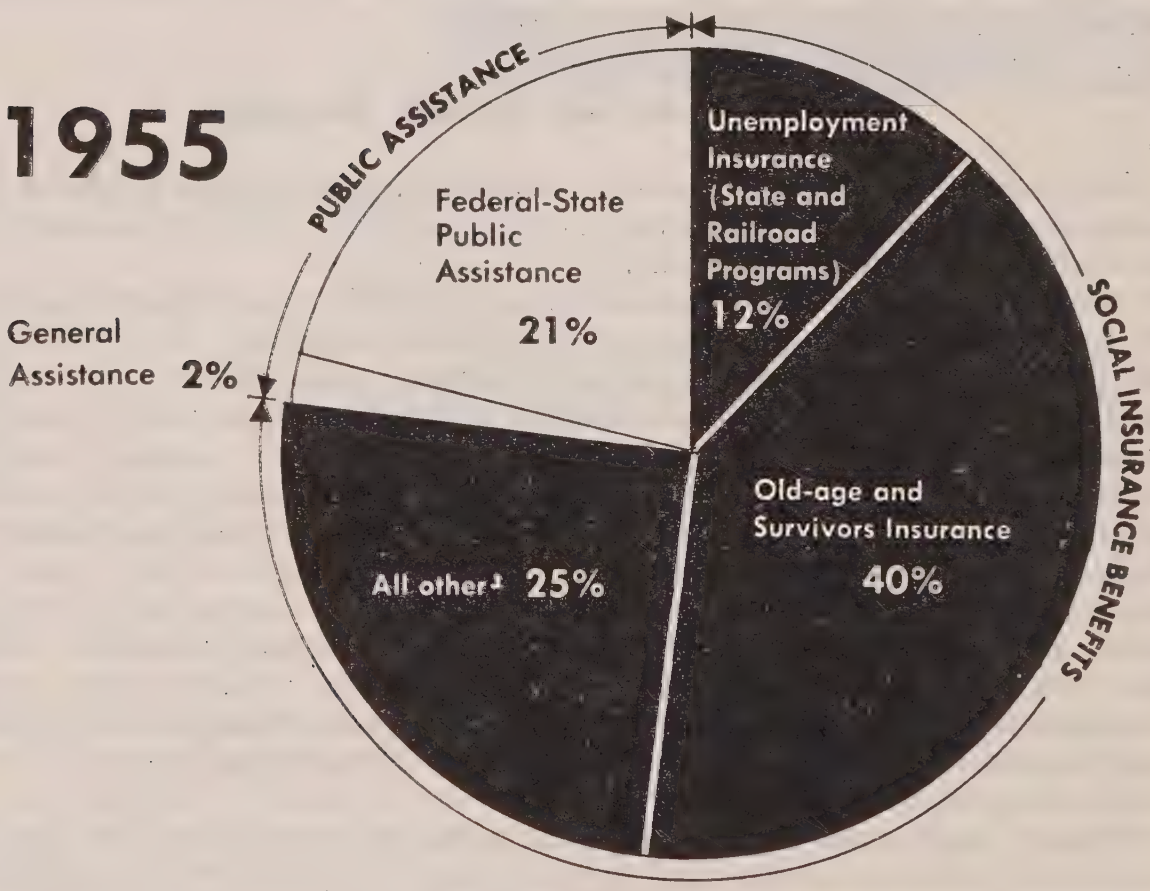
The most significant development in social security expenditures has been the growth of the old-age and survivors insurance program. In 1956, benefits paid under old-age and survivors insurance amounted to $5.7 billion or 1.4 percent of gross national product. This represents nearly a sixfold increase above the $961 million in old-age and survivors insurance benefits paid out in 1950, reflecting the extension of coverage to new people and the increase in benefit amounts under the 1950 and subsequent amendments. Expenditures under this program will continue to grow in future years because growth in the labor force and the higher benefit rates at which people come on to the rolls and because of the disability benefits provided under the 1956 amendments. Furthermore, the proportion of older people in our population is increasing and when the insurance program has been in operation longer, more of the persons who reach retirement age each year will be able to qualify for benefits.

Benefits paid under the other public retirement programs—the special systems for railroad workers and for Government employees—amounted to 0.4 percent of our gross national product in 1956.

Unemployment insurance benefits vary considerably from year to year depending on economic conditions. In 1956, unemployment insurance

The social insurance programs now account for more than three-fourths of every dollar expended under public income-maintenance programs (excluding veterans programs)





[1] Railroad retirement, Federal civil service retirement, other Federal contributory and noncontributory retirement programs, State and local government retirement programs, State and railroad temporary disability insurance, workmen's compensation.

benefits paid under State programs and the program for Federal employees amounted to $1,380 million, or 0.3 percent of our gross national product. Comparable benefits for 1955 were $1,350 million. During 1956, average weekly insured unemployment was 1¼ million, as compared to nearly 1.9 million in 1954. Average benefits paid for a week of total unemployment in 1956 amounted to $27.06.

Workmen's compensation payments, unemployment and sickness benefits for railroad workers, and benefits under the four State temporary disability insurance programs together accounted for about 0.2 percent of gross national product.

Public assistance payments in 1956 came to 0.7 percent of gross national product, a slightly smaller proportion than in the immediately preceding years and a drastic reduction from the 2.7 percent of national product which went into public assistance payments in 1940. Assistance payments are becoming a relatively less important source of income, as more people have old-age and survivors insurance benefits on which to support themselves.

In 1956, therefore, about 3.2 cents per dollar of gross national product was spent for social security and related purposes, apart from the provisions for veterans that the Federal Government was carrying after the largest and costliest war in its history. If these are included, 3.9 cents per dollar was spent. Of the total, including veterans programs, over 60 percent was spent under insurance programs financed by direct contributions from the insured persons or their employers (including employing governmental agencies), and less than 40 percent under programs financed from general revenues.

The relative size and makeup of our current expenditures for social security and related purposes are very different from those of 15 years ago, as the accompanying chart shows. In 1940, the first year in which old-age and survivors benefits were paid and the last full year before the United States entered the war, all social security and related payments (exclusive of veterans programs) came to 3.8 percent of that year's gross national product. Seven-tenths of this went for public aid alone, including the emergency work relief programs, and almost 12 percent of the population was receiving such aid.

By 1955, expenditures for social insurance benefits were more than eight times greater, in dollar amounts, than in 1940 and they accounted for more than three-fourths of all social security and related payments (exclusive of veterans programs). They represented about twice the proportion of gross national product accounted for in 1940. Public assistance payments, on the other hand, represented 0.7 percent of gross national product, less than a third the share it had taken in 1940, and payments were going to about 1 in 28 in the population, rather than about 1 in 9. From 1940 to 1955, the groups most likely to need public aid—old people and children—increased much more rapidly in number than the population of working age. Moreover, rising price levels were pinching people on fixed incomes. Good employment conditions and the increasing effectiveness of old-age and survivors insurance meant, however, that relatively fewer people needed to call on public assistance for support.

THREE

Programs Under The Social Security Act

ALL OR NEARLY ALL programs under the Social Security Act are in operation in the 48 States, Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands. Nearly all the millions of families in these places have a personal stake in at least some of them.

Old-Age, Survivors, and Disability Insurance

Federal old-age, survivors, and disability insurance is in effect throughout the continental United States and the other places named above. Moreover, it is in effect anywhere in the world where United States citizens work for American employers or for a subsidiary of an American corporation. It assures most families that they will have some income when the breadwinner dies, becomes old and retired, or is over 50 and severely disabled.

The Social Security Administration of the Department of Health, Education, and Welfare is responsible for carrying out this program. The Internal Revenue Service in the United States Treasury Department collects the contributions of workers, employers, and self-employed persons that support the system. These contributions are deposited in the old-age and survivors insurance trust fund and in the disability insurance trust fund in the Treasury, and amounts not needed at once are invested, at interest, in United States Government securities.

Covered Work

Old-age, survivors, and disability insurance covers, with certain exceptions, most jobs in which people work for wages and most work of self-employed persons.

Feerdal employees and railroad workers, for both of whom there are special retirement systems, are covered only in certain circumstances. Most employees of State and local governments may be covered by special agreement even if they are under a State or local retirement system. Under special arrangements, coverage is also possible for employees of certain nonprofit organizations that are religious, charitable, scientific, or educational in nature. Members of the armed forces are covered just like persons in civilian employment. The act excludes employment of newsboys under age 18, employment among certain members of a family, and a few other types of employment, such as agricultural and domestic workers who are not regularly employed, and self-employed workers with very low earnings. The religious work of ministers and members of religious orders is included as self-employment on an individual elective basis whether or not the individual is actually self-employed.

All self-employed professional people are now covered with the exception of doctors of medicine. However, a doctor who works for someone else—for example, a doctor employed by an industrial plant or insurance company—is covered by the law.

At a given time, about nine out of ten persons in paid work are earning credits toward benefits under old-age, survivors, and disability insurance. A larger proportion earn such credits at some time during their working lives, since all the covered work a person has at any time is counted.

Benefits

A person's right to benefits and the amount of the benefits that can be paid to him or members of his family depend on his earnings in covered work over a given period of time. Before 1951, only the first $3,000 he received in a year in such work could be counted as covered earnings; beginning with 1951 and through 1954, the first $3,600 of covered earnings counted; now the top amount is $4,200. Benefit amounts depend on the worker's average monthly earnings from employment and self-employment covered by the law. This average may be figured from the beginning of 1937 or, if he has at least six "quarters of coverage" after 1950, it can be figured starting with January 1951. A worker's average earnings can also be figured starting with the year in which he became 22 if that was after 1950.

A quarter of coverage is a calendar quarter of the year in which a worker has been paid not less than $50 in wages taxed under the system or for which he has been credited with at least $100 in net earnings from self-employment under the law. Only cash wages paid to domestic and casual workers can be credited to such workers' social security accounts.

A farm worker is covered if he receives cash wages of $150 or more from any one farm employer in a year or if he performs agricultural labor for the employer on 20 or more days during a year for cash wages computed on a time basis; he gets a quarter of coverage for each $100 a year of cash farm wages but no more than 4 in a year.

A worker who becomes entitled to benefit payments (or meets the work requirements for a recomputation of his benefit) on the basis of an application filed after August 1, 1956, can compute his average wage by dropping up to 5 years of low covered earnings. Usually this will increase the amount of his average monthly earnings on which benefit payments to him and his dependents will be based.

Insured Status.—Benefits are paid only when a worker has been fully or currently insured. In general terms, a person will be fully insured when he dies or reaches retirement age (65 for men, 62 for women) if the total number of quarters of coverage he has is equal to at least half the number of calendar quarters that have passed after 1950 or after he reached age 21, whichever is later, and up to but not including the quarter in which he reaches retirement age or dies. A special provision makes it possible for a person newly covered in 1955 or 1956 to become insured by mid-1957 if he has a quarter of coverage in all but 4 of the calendar quarters after 1954. In any case an individual must have at least 6 quarters of coverage. When he has 40 quarters, he is fully insured for life. The needed number of quarters of coverage may have been earned in covered employment at any time after 1936 or in covered self-employment at any time after 1950.

To be currently insured, a person must have, in general terms, quarters of coverage in at least 6 of the 13 quarters immediately preceding his death or retirement.

Kinds of Benefits.—The following kinds of benefits are payable to fully or currently insured workers and eligible members of their families:

RETIREMENT PAYMENTS

Monthly payments to—	*If worker is—*
Retired worker	Fully insured.
And monthly payments to—	
Wife 62 or over	Fully insured.
Dependent child (under 18 or disabled)[1]	Fully insured.
Wife (regardless of age) if caring for child	Fully insured.
Dependent husband 65 or over	Both fully and currently insured.

SURVIVORS PAYMENTS

Monthly payments to—	*If at death worker was—*
Widow 62 or over	Fully insured.
Widow or dependent divorced wife (regardless of age) if caring for child.	Either fully or currently insured.
Dependent child (under 18 or disabled)[1]	Either fully or currently insured.
Dependent widower 65 or over	Both fully and currently insured.
Dependent parent (mother 62 or father 65)	Fully insured.
Lump-sum payment to—	
Widow or widower, or to the person who paid burial expenses (may be made in addition to monthly benefits).	Either fully or currently insured.

DISABILITY PAYMENTS

Monthly payments to—	*If both fully and currently insured and has—*
Worker at age 50–64 if totally disabled for work.	20 quarters of coverage in the 40 calendar quarters before the beginning date of disability.

[1] For the conditions under which benefits may be paid to a dependent disabled child 18 years of age or older, see page 23.

Benefits are not provided for the family members of a worker receiving disability payments.

Benefit Amounts.—When Congress amended the Social Security Act in 1954, benefit levels were increased to take account of the rise in wages, both for beneficiaries already receiving monthly payments and those who will qualify for benefits in the future.

Under the formula provided by the 1954 amendments, a worker's own monthly benefit amounts to 55 percent of the first $110 of his average monthly wage, as the law defines it, plus 20 percent of the amount over $110 and up to $350. Since no more than $350 a month can be counted, a retired worker's benefit cannot be more than $108.50 a month. The smallest amount for any worker who qualifies at age 65 or later is $30 a month. However, if a woman worker qualifies for benefit payments between the ages of 62 and 65, her benefit amount may be less than $30 but not less than $24.

Benefits of family members are related to the worker's benefit. The monthly payment to the wife or dependent husband or child is equal to half the amount paid to the retired worker (except in the case of the actuarially

reduced benefits for wives claiming payment before 65). The payment to a widow, dependent widower, single surviving child, or parent is three-fourths of the deceased worker's amount. If there is more than one surviving child, each receives one-half of the deceased worker's amount plus an equal share in an additional one-fourth.

If the total of the monthly benefits payable on one earnings record for any month is more than $50 and exceeds the higher of 80 percent of the average monthly earnings or 1½ times the insured person's monthly benefit, the total must be reduced to the highest of the following amounts: (1) 80 percent of the average monthly earnings, (2) 1½ times the primary insurance amount, (3) $50. In no case, however, can the total family benefit exceed $200 a month.

The following table shows the amounts payable under the 1954 formula at given levels of average earnings. (In general, payments made under older provisions are lower.)

EXAMPLES OF SOCIAL SECURITY BENEFITS

	Average monthly earnings after 1950[1]						
	$50	*$100*	*$150*	*$200*	*$250*	*$300*	*$350*
Retirement and Disability Insurance Payments:							
Monthly retirement benefit at 65 or later, or disability benefit at 50	*$30.00*	*$55.00*	*$68.50*	*$78.50*	*$88.50*	*$98.50*	*$108.50*
Monthly retirement benefit for woman worker, starting at:[2]							
62	*24.00*	*44.00*	*54.80*	*62.80*	*70.80*	*78.80*	*86.80*
63	*26.00*	*47.70*	*59.40*	*68.10*	*76.70*	*85.40*	*94.10*
64	*28.00*	*51.40*	*64.00*	*73.30*	*82.60*	*92.00*	*101.30*
Monthly retirement benefit for couple, man 65 or over, wife starting at:[2]							
62	*41.30*	*75.70*	*94.30*	*108.00*	*121.80*	*135.50*	*149.30*
63	*42.50*	*78.00*	*97.10*	*111.30*	*125.50*	*139.60*	*153.80*
64	*43.80*	*80.30*	*100.00*	*114.60*	*129.20*	*143.70*	*158.30*
65	*45.00*	*82.50*	*102.80*	*117.80*	*132.80*	*147.80*	*162.80*
Survivors Insurance Payments:							
Widow, widower, child, or parent (monthly)	*30.00*	*41.30*	*51.40*	*58.90*	*66.40*	*73.90*	*81.40*
Widow and 1 child (monthly)	*45.00*	*82.60*	*102.80*	*117.80*	*132.80*	*147.80*	*162.80*
Widow and 2 children (monthly)	*50.20*	*82.60*	*120.00*	*157.10*	*177.20*	*197.10*	*200.00*
Lump-sum death payment	*90.00*	*165.00*	*205.50*	*235.50*	*255.00*	*255.00*	*255.00*

[1] In figuring average monthly earnings after 1950, omit
- As many as 5 years of low earnings.
- Any period in which earnings record was frozen because of disability.

[2] Payments to women workers and wives are permanently reduced if started before age 65.

Lump-Sum Death Payments.—Upon the death of an insured person, a lump-sum payment, in addition to any monthly payments, may be made to the widow or widower if they were living together. If there is no eligible widow or widower, then the person or persons who paid the burial expenses can be repaid up to the amount of the lump sum. The lump sum may be as much as three times the amount that the deceased insured person's old-age benefit would have been, but it cannot be more than $255.

Interruption of Payments.—Under certain conditions, payment to a beneficiary may be suspended or stopped. These conditions are meant to ensure that the funds of the insurance system are being used for persons whose income has been cut down in old age or because of the death of a family member on whom they depended.

When a beneficiary—either a retired worker, dependent or survivor—is under age 72, benefits are not payable for one or more months if he earns more than $1,200 in a year from any source. If a retired worker's benefit is not payable, benefits are not payable to his dependents. If a dependent or survivor exceeds the allowable annual earnings only that beneficiary's payment is withheld. The same earnings test applies to employed and self-employed people. Regardless of a beneficiary's annual earnings, benefits are payable for any month in which he neither earns more than $80 in wages nor renders substantial services in self-employment.

Restrictions are placed on the payment of benefits to aliens residing outside the United States. For those in this category coming on the roll after 1956, benefits will be payable only if the insured worker had 40 or more quarters of coverage or had resided in the United States for 10 or more years, or if the country of which he is a citizen has a reciprocity treaty with the United States or has a general social insurance or pension system that will continue full benefits to United States citizens while outside of that foreign country. If none of these conditions are met, benefits are, however, continued during the first 6 consecutive months of absence from the United States but are thereafter suspended.

Events That Stop Payments.—The marriage of any person receiving monthly benefit payments as a dependent or as a survivor will end his or her right to payments. However, if a widow remarries and her second husband dies within a year after their marriage, she may regain her right to any benefits payable to her at age 62 on the earnings credits of her first husband.

Payments to a wife or dependent husband are ended if a divorce is granted.

A wife or widow under 62 or the divorced wife of a deceased insured person may receive payments only while she has in her care a child who is also entitled to monthly payments.

Payments to a child stop when the child marries.

When a child entitled to benefits reaches age 18, his payments are stopped unless he is disabled. When the child of a deceased insured person is adopted, his payments end unless the adopting person is the child's stepparent, grandparent, aunt, or uncle.

When any person receiving monthly benefits dies, his or her payments are ended. The last payment in such cases is for the month immediately before the month of death.

If a person is convicted of treason, espionage, sabotage, sedition, or other subversive activities, the court may revoke his right to any old-age, survivors, or disability insurance benefits based on earnings before the conviction. Benefits to his dependents and survivors are not affected.

If a person is deported from the United States, benefits may not be payable to him, but benefits to his dependents and survivors are not affected if they are citizens of the United States or if they live in the United States.

Disability

The 1956 amendments to the social security law provide for the payment of disability insurance benefits to disabled workers between the ages of 50 and 65. Payments to persons eligible for these benefits began with the month of July 1957. The amount of the disability benefit depends on a person's average earnings in work covered by social security; it is the same as the amount of the old-age insurance benefit for which he would be eligible if he were already at retirement age. A disabled worker's dependents do not get social security benefits until he reaches retirement age. His dependents, however, may be eligible for survivors benefits if he should die while receiving disability insurance benefits.

To qualify for disability insurance benefits, a worker must have social security credit for at least 5 years' work in the 10 years before the beginning of his disability, and at least 1½ years of this work must have been in the 3 years just before he became disabled.

Although disability insurance benefits were not included in the law until the 1956 amendments, there has been a "disability freeze" provision in the law since 1954. The disability freeze provision is a way of protecting a disabled person's social security earnings account so that the period when he is unable to work because of his disability will not be counted against him in figuring the benefits due him and his dependents when he reaches retirement age or the benefits due his family in case of his death. This provision applies to workers of any age.

The work requirements for the disability freeze and for disability insurance benefits are approximately the same.

The fact that a person may be receiving disability payments for total disability from another Government agency, from a private insurance company, or under a company disability retirement system does not necessarily mean that he will be considered disabled under the special provisions of the social security law. If he is receiving disability payments under another Federal program (other than from the Veterans Administration for service-connected disability), or under a State or Federal workmen's compensation program, the amount of his social security disability benefit will be reduced by the amount of that other benefit.

Another disability provision in the 1956 amendments is designed for dependent children who became totally disabled before age 18. It makes possible the payment of monthly benefits after age 18 if the present disability began before age 18. In these cases, the mother also gets benefit payments as long as she is caring for her child.

A person disabled in childhood does not need a record of work under social security. However, the child must be dependent upon a parent, stepparent, or adopting parent who is entitled to old-age insurance benefits or must have been dependent on a parent who died after 1939 and was insured for survivors benefits at the time of death.

To qualify for disability benefits, the disability freeze, or for benefits as a disabled child, the individual must have a medically determinable condition so serious that he cannot do any substantial gainful work. He is responsible for obtaining the necessary medical evidence. This evidence, along with other information on his employability, work experience, educa-

tion, and training is sent to an agency of his State under an agreement between the State and the Federal Government. A team of highly trained people in this State agency considers all of the facts and makes a decision as to whether the individual is disabled within the meaning of the social security law. This decision is reviewed by the Social Security Administration.

When an application is made for disability insurance benefits, for a disability freeze, or for disabled child's benefits under the social security law, the disabled person's name is referred to the State vocational rehabilitation agency. That agency may be able to provide the applicant with rehabilitation services that will help prepare him for suitable work. To assist the rehabilitation agency in determining his work capacity, whether rehabilitation services can actually help him, and what kind of services would be most useful to him, the Social Security Administration will provide the rehabilitation agency with the information secured in connection with the applicant's disability claim.

If an applicant asks to have his social security earnings record frozen, that may be done even if he does not accept rehabilitation services. However, if the application is for disability benefit payments after age 50 or for disabled child's benefits, payments must be withheld if the disabled person refuses without good cause to accept rehabilitation services offered him by the State agency.

Financing the System

Benefits and the costs of administering old-age, survivors, and disability insurance are paid wholly from the contributions of workers, employers and self-employed persons. Employed persons and their employers are taxed at equal rates on amounts up to $4,200 paid to the worker in a year. Except in the case of State and local governments, the employer reports taxable wages quarterly and forwards his and his workers' contributions to the District Director of Internal Revenue. Self-employed persons report their earnings and pay their tax once a year in connection with their Federal income tax return. They are taxed, at 1½ times the rate for employees, on net earnings of $400 and up to $4,200. When a person has both taxable wages and earnings in self-employment in a year, only as much of the self-employment income as will bring total earnings to $4,200 is subject to contribution and counted toward his benefits.

The contribution rates for old-age, survivors, and disability insurance adopted in 1956 are designed to keep the system self-supporting. The rates for years beginning with 1956 are as follows:

Calendar year	*Employer*	*Employee*	*Self-employed*
1956	2%	2%	3%
1957–59	2¼%	2¼%	3⅜%
1960–64	2¾%	2¾%	4⅛%
1965–69	3¼%	3¼%	4⅞%
1970–74	3¾%	3¾%	5⅝%
1975 and after	4¼%	4¼%	6⅜%

Administration

The Bureau of Old-Age and Survivors Insurance of the Social Security Administration keeps a central record system in which there is an individual account for every worker who has earned wages or self-employment income

covered by the law. These accounts are identified by the worker's account number, which is given on the reports made by employers and self-employed persons. A worker's account shows all the wages or self-employment earnings he has received under the system.

Claims for benefits are taken and adjudicated by the field staff of the Bureau, through an extensive network of district and area offices and itinerant services. The Treasury Department collects contributions under the Federal Insurance Contributions Act, writes and mails the checks to the lists of beneficiaries certified to it by the Social Securiy Administration, and maintains the old-age and survivors insurance trust fund and the disability insurance trust fund.

Persons who question decisions or action concerning their wage records or benefit claims may ask the Bureau to explain and, if need be, reconsider the matter. Most questions are settled this way. If the individual is not satisfied, he may ask for a review by a referee representing the Appeals Council and then by the Council itself. The Appeals Council is part of the Social Security Administration but independent of the Bureau of Old-Age and Survivors Insurance. If he is still dissatisfied, he may appeal to the Federal courts.

In calendar year 1956, the total cost of administering old-age and survivors insurance amounted to 2.1 percent of contributions collected under the system. This percentage includes all money spent by the Department of Health, Education, and Welfare and the Treasury for the purposes mentioned above and other purposes directly attributable to the program.

Unemployment Insurance

The first unemployment insurance law in the United States was passed by Wisconsin in 1932, but it did not come into full operation until after the Social Security Act became law 3 years later. The Federal act made it to the advantage of the States to establish unemployment insurance. By July 1937, all States, Alaska, Hawaii, and the District of Columbia had passed laws for this purpose.

The Social Security Act gave the State two incentives. The act set up a Federal unemployment tax on employers in industry and commerce who had eight or more employees in 20 weeks of the year (four or more, beginning in January 1956). It made it possible, however, for employers to be relieved of paying most of this tax if they were contributors under a State unemployment insurance system. Therefore a State that taxed employers to pay for unemployment insurance did not put them at a disadvantage in competing with similar businesses in States that had no such tax. Congress also authorized grants to States to meet necessary and proper costs of administering State systems. A State program has to meet certain Federal requirements in law and administration if employers are to get their offset against the Federal tax and if the State is to receive Federal grants for administration.

Effective January 1, 1955, employees of the Federal Government were brought under the unemployment insurance system.

The Federal Unemployment Tax Act, which is now part of the Internal Revenue Code, lays a tax on employers at the rate of 3 percent of workers' pay in covered jobs, not counting anything over $3,000 paid to a worker in a year. The employer can offset against as much as 90 percent of this tax the amount he has paid under an approved State unemployment insurance law or from which he has been excused under the experience-rating

provisions of the State law, in accordance with his experience with unemployment risk. All States reduce the contribution rates of employers whose workers have little unemployment; some excuse an employer from making any contribution at all in a particular year. In 1956 the average contribution rate of employers under State laws was 1.3 percent of their covered payroll.

The remaining tenth of the Federal tax—0.3 percent of covered payroll—is collected by the Treasury and goes into general Federal revenues.

In the Employment Security Administrative Financing Act of 1954, Congress provided for earmarking, for purposes of employment security, the excess of collections of the Federal unemployment tax over Federal and State administrative expenditures; added the first permanent provision for Federal assistance to States with low reserves; and provided for return to the States of the excess of collections after a $200 million reserve is built up to be used for payment of benefits and, under certain conditions, payment of State administrative expenses.

Congress appropriates money for grants to States for State administration of the program. In the fiscal year 1957 funds allocated to the States, including amounts for administration of public employment services, totaled $250 million. The Bureau of Employment Security in the United States Department of Labor is responsible for determining each year whether the State program still meets Federal requirements for these grants and the tax offset and for recommending the amounts of the grants. The Secretary of Labor certifies his determination of the facts to the Treasury.

Administration

The Federal partner in the Federal-State program of unemployment insurance is the Bureau of Employment Security in the United States Department of Labor. Prior to 1949 this Bureau was a part of the Social Security Administration. Each State has an employment security agency. Seventeen of these are in the State Department of Labor and one is in the State workmen's compensation agency. The others are independent departments of the State government or independent boards or commissions. The overall agency which administers unemployment insurance ordinarily administers the employment service also. Claims for benefits are taken in the 1,700 local offices of the employment service in the various States.

Federal Requirements

All contributions collected under the State laws must be deposited in the unemployment trust fund in the United States Treasury. The fund is invested as a whole, but each State has a separate account to which its deposits and its share of interest on investments are credited. The State may withdraw money from the account at any time but only to pay benefits.

Benefits must be paid through public employment offices or other federally approved agencies. The State must have methods of administration that will ensure full payment of benefits when due. Workers must have a right to appeal a decision of the State agency concerning their claims. Benefits cannot be denied to a claimant because he refuses to accept a job under certain conditions designed to protect the established standards as to prevailing wages, working conditions, and union affiliation.

These and some other requirements of Federal law are intended to assure that a State participating in the program has a sound and genuine unemployment insurance system, fairly administered. The State itself de-

cides what workers it will cover, how workers will qualify for benefits, how much they receive a week and for how long if they continue to be unemployed. The State decides what the employers' contribution rates will be. The State unemployment insurance agency makes rules for payment of benefits and handles and decides claims of unemployed workers.

State Unemployment Insurance Programs

Unemployment insurance differs from State to State and only the general pattern of the State programs can be outlined here.

Qualifying for Benefits.—In general, an unemployed worker can receive benefits if he meets the following conditions:

1. He must register for work at a public employment office and file his claim.
2. He must have been employed in a job covered by the State law. Generally, this must be a job in private industry or commerce, such as jobs in factories, stores, mines, offices and so on. In most States, it must have been a job with a firm that had at least 4 employees in 20 weeks of the year. More than two-fifths of the States cover firms with fewer than 4 workers.
3. He must have earned a certain amount of "wage credits" in covered jobs. That is, he must have had a certain amount of pay or worked for a certain time, or both, in a period set by the law before he lost his job.
4. He must be able to work and available for work and ready to take a suitable job if one is offered him.

In general, a worker cannot get unemployment benefits if he is sick or unable to work for any other reason.

A few States pay unemployment benefits to a worker who becomes sick after he has filed a claim for unemployment insurance and registered for work; benefits continue so long as no work which is suitable, except for the disability, is offered or refused. Three States have separate provisions to pay disability benefits to workers insured under their unemployment insurance laws when the worker's unemployment is due to sickness or other disability; in a fourth State the temporary disability insurance program is administered by the State workmen's compensation agency but covers substantially the same workers as are covered by unemployment insurance.

Benefit Payments.—States also differ in the weekly amount of the benefits they pay to unemployed workers with similar wage credits and in the length of time a worker can continue to get payments if he cannot find a suitable new job.

In general, the weekly amount is intended to be about half the worker's previous weekly pay except that there are minimum and maximum amounts on the payment. Some States increase the amount for workers who have dependents. The maximum weekly benefit for a worker without dependents ranges among the States from $25 to $45 a week. The minimum weekly amount for any worker who qualifies ranges from $3 to $17. All States pay partial benefits for partial unemployment. All but four States require a waiting period, usually a week, after a worker becomes unemployed before his benefits can begin.

In most States, a worker's past earnings or employment under the law determine the length of time he can continue to receive benefits if he continues to be unemployed. In some, it may be as short as 6 weeks; in most, as long as 26 weeks. Fourteen States have a "uniform potential duration" of

benefits for any qualified worker. Uniform duration ranges among these States from 16 weeks to 30 weeks.

Disqualifications.—A claimant may be disqualified from benefits even if he has the wage credits he needs to be insured. He is generally disqualified if:

1. He has quit his job voluntarily without good cause. (Some State laws say without good cause "attributable to the employer" or "connected with the work.")
2. He was discharged for misconduct in connection with his work,
3. He has refused or has failed, without good cause, to apply for or accept suitable work.
4. He is unemployed because of a stoppage of work as the result of a labor dispute.

In all States, disqualification means that a worker must serve a longer waiting period before he can get benefits. Some States not only postpone the benefits otherwise due him, but also reduce them. A few States may cancel all the benefit rights of a disqualified worker; then he cannot receive anything under the system until he has again had enough covered employment to build up the necessary wage credits.

Public Assistance

In 1935 the Social Security Act authorized Federal grants to States to pay part of the costs of aiding people who are old or blind and children whose need is due to certain causes. In 1950 Congress added Federal grants to States for aid to permanently and totally disabled persons.

These four assistance programs have one condition in common. People aided under any of them must be needy, according to the definition of need used in the State. In this, public assistance is different from social insurance. A person qualifies for an insurance benefit on the basis of his past work under the insurance system. When he meets the conditions for benefits, he receives his benefit regardless of any savings or resources other than earnings he may have.

In public assistance, as in unemployment insurance, the Social Security Act left the States free to decide whether or not they wished to take part in a program under the act. If, however, a State wishes to receive a Federal grant-in-aid for one of these programs, it must have a plan approved by the Federal authorities as meeting general requirements laid down in the Federal law.

The Bureau of Public Assistance of the Social Security Administration, acting under the supervision of the Commissioner of Social Security, is responsible for considering such conformity of State laws and plans and for recommending the amounts of Federal grants. The Secretary of Health, Education, and Welfare certifies to the Treasury that Federal requirements have been met. The Bureau also provides services and conducts studies to aid States in carrying out their programs.

Federal Grants to States

The Federal grant to a State meets half the cost of administering the State's program. It also covers part of the amount the State gives, because of need, to persons aged 65 or over, blind persons, totally and permanently disabled persons over age 18, and families with children who have lost

support or care because of a parent's death, incapacity, or absence from the home. In the year 1956 the Federal share of all assistance payments under the Social Security Act amounted to 54 percent.

Federal law leaves it to the States to define blindness and total and permanent disability. In general, the States aid people who are totally blind or have so little sight they cannot earn a living. Permanent and total disability does not necessarily mean that a person is completely helpless. It can be interpreted to mean a physical or mental defect or condition that keeps him from performing useful work he otherwise could do.

Most States providing this type of assistance take this broader view. The assistance agency decides whether the person is disabled in the meaning of the program on the basis of the findings of doctors, social workers, vocational advisers, and other experts. It considers his physical and mental condition, education, age, experience, and so on. When his condition can be improved, he can be helped to get the necessary services.

Federal money may be used for aid to children until the child reaches age 18 (prior to July 1957, it was required that a child between 16 and 18 be regularly attending school). The child must be living in a family home with one or more relatives. Federal money may be used to help meet the needs of the parent or other relative who is caring for the child, as well as the needs of the child himself.

To be approved for the Federal grant, the State plan for aid to any one of these groups of needy persons must be in operation throughout the State. The State must share in the cost, and a single State agency must administer the plan or supervise administration. The aid must be given directly to the needy person, in money, except that the agency may pay other persons for medical care they have given the recipient. The State agency must provide if requested a fair hearing for any person whose application for aid is denied or whose payment is decreased or stopped. These and a few other requirements of the Federal law are intended to ensure that Federal money is used fairly and for the purposes for which Congress appropriates it.

The amount of the Federal grant to a State depends on what the State itself spends. The Federal Government shares in payments to recipients up to only a certain amount. Except in Puerto Rico and the Virgin Islands, these limits are $60 a month for an aged, blind, or disabled person; $32 a month for a parent or other relative caring for a child and $32 for the first child and $23 for each additional child aided in the same home.

The Federal grant reimburses the State for a given part of the average amount of payments under these maximums. It meets four-fifths of the cost of the first $30 of the average payment to recipients of old-age assistance and aid to the blind or the disabled, and half the rest of that average. In aid to dependent children, the Federal share is fourteen-seventeenths of the first $17 of the average monthly payment per recipient and half the remainder.

In Puerto Rico and the Virgin Islands the Federal Government pays 50 percent of the assistance payments within a maximum of $30 for old-age assistance, aid to the blind, and aid to the permanently and totally disabled, and $18 and $12 for aid to dependent children. In addition there is a limitation on the total amount granted annually from Federal funds.

Beginning July 1, 1957, the Federal Government will also share on an equal basis State expenditures for payments to suppliers of medical care (including expenditures for insurance premiums for medical care) up to a maximum amount determined by multiplying $6 per month times the number of adults on the rolls and $3 per month times the number of children.

State Public Assistance Programs

The States administer the public assistance programs under their own laws and regulations and through State and local assistance agencies. Many of the conditions in their programs are the same as the conditions under which Federal funds may be used.

On the other hand, some States make assistance payments toward which they cannot get any Federal money. One State, for example, aids needy old people who have reached age 60 but are not yet 65. Some, using only State or State and local funds, make some payments above the Federal maximums. Some do not make payments to all the groups for which they could get Federal funds. For example, some aid dependent children only up to age 16. In addition, States or localities furnish aid to needy persons who are not included in the federally aided special assistance programs or who need supplementary aid. This aid, called general assistance, is described below.

The Federal law limits some of the eligibility conditions that may be imposed under an approved State plan. For example, it limits the length of residence within the State that a State may require before a needy person becomes eligible for aid. It also prohibits any citizenship requirement that excludes any United States citizen.

Determining Eligibility.—Both Federal and State laws require an assistance agency to consider any other income or resources an applicant may have in determining his need for public assistance. For example, they must consider help he receives from relatives or any earnings from small jobs, except that certain earnings of blind persons need not be taken into account. An applicant is held to be needy when his resources are too small to provide the basic necessities of life recognized under the State program. When State funds are limited, an agency may not be able to pay all that an applicant needs to meet his necessary requirements of food, clothing, and the like.

Some States do not aid persons who have legally responsible relatives who could help them, even though the relative, in fact, does not give any help. Most limit the amount of property an applicant may keep without being disqualified for assistance. Some require recipients to give a lien on an owned house so the agency may ultimately recover some of the money it has given them. Such provisions, like others, differ from State to State. It is widely recognized, however, that people who have a modest home should be able to keep it as a place to live in and that recipients should be able to keep small reserves for emergencies, such as illness and burial expenses.

Most States require a certain period of residence in the State before an individual can be eligible for aid. For old-age assistance, less than half require as long a time as they could under the Social Security Act—5 years out of the 9 years preceding application. For aid to dependent children, the most common requirement is a year's residence of the child or, if the child is not yet a year old, of the mother or other relative who cares for him.

Assistance Payments.—The general aim of the State programs is to provide people with the money they need, in addition to anything they themselves have, to live at the standard set for the program in the State. Actual payments range from a few dollars a month to as much as $100 or more in some States for people with special needs, such as need for medical care. Many States, however, have laws or regulations limiting the amount that can be paid to any recipient, no matter how great

his need. These limits are often the same as the largest amount toward which Federal funds can be used. In addition, some States do not have enough money for public assistance to give the recipients as much money as the State agency determines they need. In this situation, States scale down all payments.

The Federal-State Partnership

In January 1957, old-age assistance, aid to the blind and aid to dependent children were being given under the Social Security Act in all 48 States, Alaska, the District of Columbia, Hawaii, Puerto Rico, and the Virgin Islands. Federal-State programs for aid to the totally and permanently disabled, for which Federal grants were not made before October 1950, were in operation in 42 States, the District of Columbia, Hawaii, Puerto Rico, and the Virgin Islands.

The Federal-State partnership under the Social Security Act has greatly extended and improved aid to needy old or disabled persons and children who have met with misfortune. It has also been important in helping to develop a new attitude toward people in need.

Once "relief" was commonly given in the form of food or other necessities handed out to people who asked for help. It was often assumed that such people could not manage their own lives. Most of the people on the public assistance rolls are too old or too young or too disabled to support themselves. Some, including relatives caring for dependent children, must stay home to care for others. Like other people, however, they want to and should manage their own lives as fully as possible. Under these programs, therefore, their assistance is chiefly money. (Some agencies pay a doctor or hospital directly for necessary medical care for recipients.) This money payment, which they are free to spend as they think best, just as they would any other money, helps them maintain their self-respect and their desire and efforts to be independent.

In addition to financial aid and medical care, States are increasingly providing social services to help needy persons become self-sufficient to the full extent of their capabilities. To help achieve this goal, special Federal grants to States for training are authorized to increase the number of professionally qualified personnel available for employment in public assistance programs.

General Assistance

Many people who must have money to meet their basic needs cannot get public assistance under the Social Security Act. They may not be among the special groups aided by those programs. That is, they may not yet have reached 65 and they may not be blind or permanently and totally disabled or children in need for one of the reasons named in the Federal act. Or they may be in one of these groups and still not eligible for the Federal-State program because they fail to meet some requirement of the State, such as citizenship or residence within the State for a certain time.

General assistance is a form of aid that States or localities furnish for needs they recognize among persons not included in the federally aided special assistance programs or not getting enough help from such programs to meet their needs. This aid is given usually in cash but sometimes in the form of orders for groceries, rent, or other items.

In hard times, many of the people on the general assistance rolls are in need because the earners in the family cannot get jobs. When employment conditions are good, many or most of those on the rolls are in need because they are sick or disabled or because of the illness or death of others on whom they normally depend. The provisions of the Social Security Act for aid to the permanently and totally disabled did not become effective until October 1950. Since that time this program has been assuming responsibility for many seriously disabled persons who previously received general assistance, but it is not yet in full operation throughout the country. Even when it is, it will help meet only part of the need directly attributable to sickness and disability.

States and localities provide general assistance under their own laws and regulations and meet the whole cost out of State or local funds or both. The conditions under which aid is granted and the amounts of assistance differ widely from place to place, reflecting the resources and attitudes of the State or locality.

Services for Maternal and Child Health and Child Welfare

The health and welfare service programs for mothers and children are service rather than cash income programs. No money is paid to any mother or child under these provisions. Everything that Congress appropriates for grants to States goes to State health and welfare agencies to support services. The largest part goes to pay the salaries of doctors, dentists, nurses, medical social workers, child welfare workers, and other professional people who help give children a better start in life. Some goes to pay for hospital and convalescent care of crippled children, some to pay the cost of foster care of children who cannot be cared for at home.

The Social Security Act authorizes Congress to appropriate $16.5 million for maternal and child health services, $15 million for services for crippled children, and $10 million for child welfare services (authorization for grants for child welfare services has been increased to $12 million beginning with the fiscal year ending June 30, 1958). From the amounts Congress actually appropriates, grants to States are made according to general rules in the act. These grants are administered by the Children's Bureau of the Social Security Administration, acting under authority delegated to it by the Secretary of Health, Education, and Welfare and the Commissioner of Social Security.

The Bureau's staff includes specialists in child health and welfare, who help States to develop and improve their programs. The Bureau also encourages and carries on studies concerning the well-being of children and helps parents and others to learn about ways to promote child health and welfare.

The Basis of Federal Grants

The Federal law emphasizes services for children living in rural areas and in areas of special need. Each State receives a flat amount for each of the programs. The rest of the money is apportioned according to different factors.

In grants for maternal and child health services, each State's share depends in part on the number of births in the State in relation to the total

number in the Nation, the proportion of births in rural areas of the State, and the State's need for help in providing these services.

Each State's share in grants for services to crippled children depends in part on the relative number of rural children and the financial need of the State. The State share, however, is governed largely by the number of children under 21 years of age.

In grants for child welfare, the State share is affected by the proportion of the State's rural population under age 18 in relation to the total rural child population.

In order to take full advantage of the Federal provisions, the State itself must supply part of the money spent for these programs.

Before the beginning of each year, the State health or welfare department or the other official agency concerned makes a plan for its work during the following year. The plan tells what work it proposes to do, how many people will be needed to do it and what training or experience they must have had, how much State and local money will be used, and how much Federal money is requested. The plans for each program must be approved by the Children's Bureau before the State can receive its share of the Federal money to help carry it out.

State Programs

All 48 States and Alaska, the District of Columbia, Hawaii, Puerto Rico, and the Virgin Islands receive Federal grants for these programs. The following examples illustrate some of the services, among many others, that these programs are providing.

Maternal and Child Health.—Under State plans, local health departments provide health supervision by doctors in prenatal clinics, child-health conferences, and schools, and by public health nurses in clinics, schools, and homes. The grants also provide money for postgraduate education in the care of mothers and children to train needed doctors, dentists, nurses, and other health workers.

Services for Crippled Children.—State agencies locate crippled children and give them a diagnosis, without charge. In line with what the doctor finds necessary, the agency helps the parents plan for whatever medical, surgical, hospital, or other care the child may need. In some cases, the State agency itself pays for such care.

Child Welfare Services.—State welfare agencies use Federal funds for service to children who are dependent, neglected, or delinquent. The child welfare worker in a State or local public welfare agency helps children whose problems have been brought to the agency's attention by the schools, the police, the juvenile court, neighbors, or the child's parents. The agency then arranges with the family or others in the community to have the child receive the services he needs.

FOUR

Other Programs Relating to Social Security

MUCH OF ALL the work that government does is important to social security or social welfare in a broad sense. That is, it is designed to help people to lead useful, self-supporting lives. Public education, for example, helps prepare children to carry the responsibilities they will have as members of families, workers, and citizens. Public health services prevent much unnecessary sickness and death that would cause poverty and dependency among families and heavy public costs. The Social Security Act of 1935 contained provisions for grants to States for public health services and for vocational rehabilitation services to help handicapped people regain their ability to earn.

It is not possible here to consider or even mention all the public programs—Federal, State, or local—that are important to social security. The following pages list some that are closely related to programs under the Social Security Act because they help assure families and individuals that they will have some income in old age, unemployment, disability, and other adversities.

Workmen's Compensation

Workmen's compensation laws are designed to make sure that a worker receives prompt medical care and cash benefits when he is injured in connection with his job or benefits are paid to his dependents if he is killed. This was the first form of social insurance to develop widely in the United States. All States, Alaska, Hawaii, and Puerto Rico now have such laws. Federal laws cover Federal employees, longshoremen and harbor workers, and private employees in the District of Columbia.

Types of Laws

There are many different kinds of workmen's compensation laws. Some States require all employers covered by the law to take out insurance. In other States, an employer may choose not to come into the insurance system, but the workmen's compensation law takes away the defenses against workers' claims that the employer would have had under the common law. Most laws permit the employer to insure with private insurance companies. In seven of the 18 States that have State insurance funds, however, employers are required to use the State fund in insuring their risks; these are known as the "exclusive" funds. In the other 11 State insurance systems the fund is "competitive," and employers choose between insuring with the State fund or a private carrier. Under all but a few acts an employer may qualify as a "self-insurer" by giving proof of ability to carry his own risk.

No State's law covers all jobs. Some cover only kinds of work that are considered dangerous, some only employers who have more than a given number of employees. Workmen's compensation laws usually exclude farm and domestic workers, casual labor, and employees of charitable or religious organizations.

Laws also limit the kinds of injuries that can be compensated. The usual definition of a compensable injury or death is one "arising out of and in the course of employment." Most of the early laws covered only injuries due to accidents, but the majority now include some or all diseases attributable to the worker's occupation. Some States exclude injuries due to the employee's intoxication, willful misconduct, or gross negligence.

Benefits

Workmen's compensation laws provide for cash benefits to an injured worker and benefits to the family of a worker who is killed. The payments are usually based on the worker's wages at the time of the injury. Practically all laws place top and bottom limits on the weekly amounts payable to a disabled worker or to survivors. Most also limit the number of weeks for which benefits must be paid and/or the total amount paid in a given case. Some, however, provide for death benefits to a widow throughout her life unless she remarries and for benefits to surviving children until they reach a given age. Some place no time limit on the benefits payable to a worker so long as he continues to be totally disabled.

All the workmen's compensation laws require that medical care be furnished to injured employees, though about one-third limit the length of time during which it is supplied or the total cost or both. Practically all laws provide benefits to help meet the burial expenses of workers who are killed.

Social Insurance for Railroad Workers

Persons who work for railroads and certain affiliated companies have greater protection under social insurance than any other large group of workers in the United States. This protection is provided under two Federal laws, the Railroad Retirement Act and the Railroad Unemployment Insurance Act. In addition, railroad workers and their dependents are protected under the old-age, survivors, and disability insurance part of the Social Security Act until the worker has 10 years of coverage under the Railroad Retirement Act. From an over-all financial standpoint, benefits under the Railroad Retirement Act are, in effect, reinsured by the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

The Railroad Retirement Act

This law provides benefits for insured workers who have retired because of old age or disability and for the aged wives or dependent husbands of beneficiaries. It also provides annuities and lump-sum payments to survivors of insured workers.

Old-age annuities are payable to retired workers at age 65 or over after 10 years' railroad service or at ages 60–64 after 30 years' service; annuities

which begin before age 65 are reduced for men but not for women employees. Reduced annuities remain at the reduced rate after the retired worker reaches age 65. Disability annuities are payable to workers permanently disabled for any regular gainful employment if they have had 10 years' service. A worker who is currently connected with the railroad industry and is permanently disabled for his regular occupation (but not necessarily for other work) may receive an annuity if he has reached age 60 and has had 10 years' service, or if he is under age 60 but has had 20 years of employment covered by the act.

The survivor benefits under this law include lump-sum payments, and monthly payments that are made under certain conditions to the worker's widow or dependent widower at age 60 and his or her children and to a widow, regardless of age, who has an entitled child in her care. If the worker leaves no widow, dependent widower, or eligible children, a monthly benefit may be paid to his or her dependent parents at age 60.

The amounts of monthly payments depend on the worker's past earnings and length of railroad service.

The system is financed by contributions under the Railroad Retirement Tax Act. The total tax rate, divided equally between employers and employees, is 12.5 percent of the worker's earnings under the system, not including earnings above $350 a month.

Railroad employment was excluded from coverage under old-age and survivors insurance when the Railroad Retirement Act of 1935 amended the 1935 Social Security Act. Now Congress has set up ways to correlate the two systems. At the death or retirement of a worker who has railroad service but not the 120 months needed to qualify under that program, his wage records are transferred to the Social Security Administration. Earnings under both programs are combined to determine whether he is insured under old-age and survivors insurance and, if so, the amount of the benefits. At the death of a worker who has more than 120 months' creditable railroad service, wage records are similarly combined. If he had a current connection with the railroad industry at the time of his death, benefits to his survivors will generally be paid by the Railroad Retirement Board; if not, generally by the Social Security Administration. A retiring worker can qualify for retirement benefits under both programs if he has worked long enough under each to be insured, but at his death the survivors can qualify under only one program based on the combined earnings record.

The Railroad Unemployment Insurance Act

This law provides payments to qualified railroad workers who have been out of a job for more than a certain number of days within a 14-day "registration period" either because they are unemployed or because they are sick. Days lost from both causes cannot be combined in the same registration period. In the first registration period in a year, a worker receives a benefit for each day after the first 7 days lost because of unemployment or sickness; in later periods the benefit is paid for each day after the first 4. Disability benefits and unemployment insurance may each be paid for a maximum of 130 days in a benefit year.

To qualify, a worker must have had at least $400 in a year in pay from an employer subject to the act. Special maternity benefits may be paid to women workers.

Veterans Programs

The United States provides a great variety of payments and services to persons who have served in the Armed Forces in wartime or to their survivors and, in some circumstances, to members of the families of living veterans. These are given, of course, in recognition of special wartime sacrifices. The benefits have a relation to past military service. In any case, veterans' programs may be considered to have a relation to social security. Beneficiaries of these programs and amounts spent for them are therefore included in the summary tables at the end of the volume.

The Veterans' Readjustment Assistance Act of 1952 provides unemployment compensation for veterans with service on or after June 27, 1950. Benefits are paid by the State employment security agencies at the rate of $26 for each week of involuntary unemployment, up to a maximum of $676. If a veteran qualifies for unemployment compensation under any other law, either State or Federal, he may receive under the Unemployment Compensation for Veterans law only the difference between $26 and the amount of unemployment benefits to which he is entitled under the other unemployment insurance law. Where the weekly amount of benefits under any other law is $26 or more, no payments can be made from UCV funds until other benefits are exhausted. Veterans must meet the eligibility and disqualification provisions of the State laws. No benefits are paid while veterans are receiving mustering-out pay or education or subsistence allowances.

By the end of April 1955, 3.8 million veterans eligible for these benefits had been released from service; 831,000 had filed claims for UCV benefits; 615,000 had received one or more benefit payments; and 106,000 had exhausted their benefits. The total payments had aggregated $193 million.

Retirement Systems for Public Employees

The Federal Government, States, and many localities have retirement systems that cover some or all of their employees. Most of these systems make payments to a qualified employee who retires either in old age or because he is disabled. Some also provide annuities for survivors.

Federal Employees

Most civilians who work for the Federal Government are covered by the Civil Service Retirement Act. Other Federal laws cover some special groups, such as Foreign Service officers. Federal employment not covered under any other system is generally included under the Social Security Act.

The Civil Service Retirement Act provides annuities to qualified employees who retire because of age or disability, to the widows and minor children of employees who die, and, in certain circumstances, to the survivors of annuitants. Old-age annuities are also payable to persons who have been in Government service but have left it before retirement age, if they have not withdrawn their contributions. The amount of payments depends on the employee's earnings and length of service. Persons covered by the system contribute 6½ percent of their base pay. The law requires matching payments from the employing agency and further implies that the Government will furnish such additional amounts as are required to finance the system.

General or special retirement systems administered by States or localities are in effect for almost three-fourths of the persons employed by these governments. Under practically all these systems, the employee contributes to the cost. Most of the systems provide for retirement because of disability as well as in old age. Conditions for receiving benefits and amounts of benefits vary widely. Usually an employee must have had a considerable period of service to qualify or to receive a substantial annuity. Usually also a person who leaves his government job before retirement age has his contributions returned but does not qualify for an annuity.

Except for special systems for policemen and firemen, most of these programs make only limited provision for the survivors of an employee who dies. Generally it consists of a refund of contributions or continuing payments to the survivors of an annuitant who has chosen to take a reduced payment for himself so long as he lives.

When the Federal system of old-age and survivors insurance was extended in 1950, about 1.5 million State and local public employees who were not covered by retirement programs were made eligible for coverage under agreements between States and the Federal Government. Beginning with 1955, coverage was made possible for 3½ million more State and local government employees (except most policemen and firemen) who are covered by a retirement system. The 1956 amendments to the law provide for the coverage of certain State and local government employees, including policemen and firemen, under special provisions which apply only to certain States.

The Social Security Act permits a State to enter into a voluntary agreement with the Federal Government to accept Federal old-age and survivors insurance for any one or more "coverage groups" of employees of the State or its political subdivisions. Where a State or local retirement plan exists, a majority of its members eligible to vote must favor Social Security coverage in a secret referendum before coverage of a particular "coverage group" under the Federal program can be effected. When the State does make such an agreement, all employees in the groups affected come under the Federal system except those doing certain kinds of work not covered by the Federal law. The State may, if it wishes, include or exclude certain kinds of work from the agreement. In January 1957, almost 2 million State and local government employees had been covered under the Federal system through voluntary agreements; half of them were also members of State or local systems.

State Programs for Temporary Disability

Four States—Rhode Island, California, New Jersey, and New York—pay temporary disability benefits to partially compensate wage earners for loss of wages caused by nonoccupational illness or injury. In general, coverage is similar to that of unemployment insurance. The first three operate their systems in connection with their unemployment insurance programs; in New York, disability insurance is administered by the Workmen's Compensation Board.

Rhode Island provides benefits through an exclusive State insurance fund in which all contributions are deposited and from which all benefits are paid. California and New Jersey provide a State fund, but employers may contract out to private insurance carriers or as self-insurers, if

their plans meet the requirements of the law. In New York the employer must make his own arrangements for insuring his workers, either by purchasing a group accident and health policy from a private insurance company or from the State insurance fund or by adopting an approved plan of self-insurance.

An employee payroll tax of 1 percent of wages—up to $3,600 in Rhode Island and $3,000 in California—is used exclusively to finance benefits under the State-operated systems in these two States. In New Jersey, the State-operated system is financed by an employee contribution of 0.5 percent of the first $3,000 and an employer contribution of 0.25 percent which may be modified by experience rating. In New York, workers pay 0.5 percent of their wages up to a maximum of 30 cents per week, and the employer bears any additional costs of the program.

Weekly benefit rates are designed to replace one-half or more of the wage loss. The maximum weekly benefit is $30 in Rhode Island, $35 in New Jersey, $40 in California and $45 in New York. The minimum weekly benefit is $10 in California, New Jersey, and Rhode Island and $20 in New York. After a waiting period of 7 consecutive days, disability benefits are payable for a maximum duration of 26 weeks in Rhode Island, California, and New Jersey and 20 weeks in New York. California provides, in addition to weekly cash benefits, hospital benefits of $10 a day for 12 days in a period of disability. None of the laws provides for benefits to dependents of a disabled wage earner.

Federal Credit Unions

Much of a family's security depends on its own thrift, including its ability to build up savings for a rainy day or some future goal, such as buying a home. Many families also need to borrow money from time to time to meet special situations or emergencies such as sickness. The Bureau of Federal Credit Unions is responsible for administering the Federal Credit Union Act, which is designed to promote thrift and to provide a source of consumer-type installment loans at reasonable rates of interest.

Under this act, the Bureau of Federal Credit Unions of the Social Security Administration issues credit union charters to groups that make application and are determined to be eligible under the terms of the act. The Bureau supervises and examines established Federal credit unions and issues manuals and instructional materials for the guidance of their officials. Federal credit unions are operating in every State and in Alaska, the District of Columbia, Hawaii, Canal Zone, Puerto Rico, and the Virgin Islands. In December 1956 there were 8,350 such organizations serving about 4½ million members.

In section 2 of this act, a Federal credit union is defined as a cooperative association organized for the purpose of promoting thrift among its members and creating a source of credit for provident or productive purposes.

At the depths of a major depression, when the first Federal credit unions were being organized, the primary emphasis was quite understandably on providing a source of low-cost installment loans for people of small means. Their predecessors in Europe and Asia had been started nearly 90 years before as a way of using funds provided by philanthropists or by the Government to lift the age-old burden of usury from the shoulders of poor peasants and small shopkeepers. Inexpensive credit continues to be the most important appeal of the credit union for many people in the United States.

Unlike the early credit unions in Germany and India, Federal credit unions obtain the funds used to make loans to members from members in the form of installment purchases of shares. No Government funds are used by Federal credit unions, and their authority to borrow funds is limited to approximately half the capital paid in by members. Earnings of the credit union are strictly limited so that investment by wealthy speculators may not be encouraged by high dividends.

Federal credit unions encouraged their members to develop habits of thrift by establishing convenient facilities, by accepting share payments in installments as small as 25 cents per month, and by a variety of educational efforts among members and potential members. The number of members is increasing at an annual rate of more than 400,000 and total shareholdings at a rate in excess of $200 million per year. These organizations serve workers in factories, in offices, in stores, in schools, and in Government establishments—local, State and Federal. They are helping to promote economic stability and to teach the values of systematic thrift.

As a source of installment loans for their members, Federal credit unions are making an increasingly important contribution. The number of loans granted and their average size have increased since 1946, reflecting in part the higher level of economic activity and in part the growth of the established credit unions. Loans are now being granted at an annual rate of more than 3,000,000 (3.3 million in 1956) with an average size of about $480. Maximum maturity for Federal credit union loans is 3 years, and the average maturity for such loans is substantially less than that. In most States the legal rates for consumer-type installment loans range from 2 to 3.5 percent per month, as compared with 1 percent per month—the maximum rate permitted—for Federal credit unions. In interest charges alone Federal credit unions are saving their members more than $100 million per year. In addition, most commercial consumer loan agencies are permitted to charge borrowers investigation fees and other costs incidental to making loans, which Federal credit unions are prohibited from doing when they charge the maximum of 1 percent per month. Illegal lenders charge much higher rates than the licensed small loan companies. Excessive charges for small loans reduce the purchasing power of the people concerned and are nearly always exacted from those least able to afford them. Through Federal credit unions more than 4½ million people in the United States are providing for themselves an inexpensive source of small loans.

Federal credit unions are separate corporations. Each is managed and operated by officials elected by and from the group it was organized to serve. They come from all walks of life, often with no pertinent previous experience to help them with their duties as credit union officials. They learn to work together under democratically imposed disciplines, and by actual experience acquire skills in the management of a financial institution dedicated to helping members help themselves. More than 100,000 persons are serving as officials of more than 8,000 Federal credit unions. The Federal Credit Union Act is the basis for an adult educational effort of growing significance and importance to the National economy.

Federal credit unions pay 3 types of fees: A charter and investigation fee of $25; an annual supervision fee based on amount of assets and computed in accordance with a schedule prescribed by the Federal Credit Union Act; and a fee for each examination. The examination fee is assessed in accordance with a schedule fixed from time to time by the Director of the Bureau after taking into consideration costs of making ex-

aminations and the ability of the Federal credit union to pay such fees. From the beginning of the program to 1953, the revenue from fees was insufficient to cover the costs of administration. The differences each year were made up by appropriations authorized by Congress. Since July 1, 1953, all direct costs of the program have been covered by fees collected from Federal credit unions. The self-supporting status of the program was accomplished through substantial increases in the fees paid and by cutting costs through improving and streamlining administrative procedures. Growth in numbers and size of Federal credit unions during recent years has enabled them to pay the higher fees made necessary by the move from a subsidized to a self-supporting operation of the Federal Government.

Significant Events in Social Security and Related Fields

1785	First Federal grant made; land was allocated for establishing public schools in the Northwest Territory.
1798	Marine Hospital Service (forerunner of the U. S. Public Health Service) established by the Federal Government for care of American seamen.
1831	First trade-union unemployment insurance plan adopted.
1857	First municipal pension fund established, providing disability and death benefits for New York City police.
1863	First State board of charities founded, in Massachusetts.
1869	First State board of health established, in Massachusetts.
1875	First private pension plan in American industry adopted; provided benefits for employees 60 years of age or over who had had 20 years with the company and were incapacitated for further performance of duty.
1894	First statutory retirement system for teachers adopted, in New York City.
	School health program inaugurated in Boston as a means for the control of communicable diseases.
1896	First State-wide legislation for teachers' pensions enacted, in New Jersey.
1898	First State law providing pensions for the blind enacted, in Ohio.
1902	First State workmen's compensation law enacted, in Maryland; declared unconstitutional in 1904.
1907	First Federal employment service (forerunner of the U. S. Employment Service) created in the Bureau of Immigration and Naturalization, Department of Commerce and Labor.
1908	Workmen's compensation system for civilian employees of the Federal Government established.
1909	Conference on the Care of Dependent Children held in Washington, D. C., at the invitation of President Theodore Roosevelt. This was the first of the White House Conferences on child welfare, which have been held at approximately 10-year intervals.
1911	First State laws for "mothers' aid" (forerunner of aid to dependent children) enacted, in Missouri and Illinois.
	First workmen's compensation law to be held constitutional was enacted.
	First contributory system of pensions covering all State employees established, in Massachusetts.
1912	First division of child hygiene established in a State department of health, in Louisiana.

U. S. Children's Bureau established to investigate and report on all matter pertaining to the welfare of children and child life.

1914 First State law providing old-age pensions enacted, in Arizona; abolished almshouses and provided pensions for aged persons, persons incapable of self-support because of physical infirmities, and certain mothers with children; declared unconstitutional by the State Supreme Court in 1916.

1915 First old-age pension legislation not challenged on the grounds of constitutionality enacted, in Alaska.

1917 First Federal grant-in-aid provisions for vocational education enacted.

First State department of welfare established, in Illinois.

1918 First Federal grants made to States for public health services, for prevention and control of venereal diseases.

1920 First Federal grants made to States for vocational rehabilitation. Civil-service retirement and disability fund established for Federal employees.

1921 Sheppard-Towner Act enacted; provided, for a specified number of years, Federal grants to States to promote maternal and infant welfare and hygiene.

1927 Longshoremen's and Harbor Workers' Compensation Act (Federal) enacted.

1932 Reconstruction Finance Corporation empowered to make loans to States to combat mounting unemployment.

First State unemployment insurance law enacted, in Wisconsin.

1933 Federal Emergency Relief Act enacted; provided the first direct Federal grants to States for unemployment relief.

Wagner-Peyser Act enacted; provided Federal grants to States that affiliated their employment services with the U. S. Employment Service, which was established as a separate bureau in the Labor Department to administer the act.

1934

June 26 Federal Credit Union Act of 1934 approved.

June 27 Railroad Retirement Act of 1934 enacted.

June 29 Committee on Economic Security created by the President to study problems and recommend legislation on economic security.

1935

Jan. 17 Report of the Committee on Economic Security transmitted to Congress by the President, and the Economic Security Bill introduced; hearings held by both Houses of Congress during January and February.

Apr. 4 Social Security Bill, replacing the Economic Security Bill, introduced; passed by the House on April 19, by the Senate on June 19.

Apr. 8 Emergency Relief Appropriation Act approved; created the Works Progress Administration (later Work Projects Administration), Resettlement Administration, and National Youth Administration to administer emergency work relief programs for the unemployed.

May 6 Railroad Retirement Act of 1934 declared unconstitutional by the U. S. Supreme Court.

Aug. 14 Social Security Act became law with the President's signature.

Aug. 23	Members of the Social Security Board (bipartisan) named by the President; John G. Winant, Chairman, Arthur J. Altmeyer, and Vincent M. Miles. Nominations approved by the Senate.
Aug. 29	Railroad Retirement Act of 1935 enacted.
1936	
Jan. 1	Federal unemployment tax of 1 percent of payrolls under title IX of the Social Security Act (later Federal Unemployment Tax Act) first applicable to employers of eight or more, with credit offset for contributions paid to State unemployment funds.
Feb.	Public assistance payments to recipients first made under the Social Security Act in old-age assistance (17 States), aid to dependent children (10 States), and aid to the blind (9 States).
Mar. 5	First Federal grant for administration of State unemployment insurance law (New Hampshire) certified by the Social Security Board.
August	Unemployment benefits first paid under the Wisconsin law.
Nov. 23	Constitutionality of the New York unemployment insurance law upheld by the U. S. Supreme Court.
1937	
Jan. 1	Workers began to acquire credits toward old-age insurance benefits. Contribution of 1 percent each on employer and employee first applicable.
	Federal unemployment tax increased to 2 percent of payrolls, with credit offset for contributions to State unemployment funds.
	Lump-sum benefits and death payments under the old-age benefits provisions of the Social Security Act became payable to eligible workers, their survivors, or their estates.
May	Advisory Council on Social Security, representing employers, employees, and the general public, was created by the Social Security Board and the Senate Finance Committee, to advise and report specifically on the old-age benefits program and its extension to survivors of insured workers and to groups now excluded.
May 24	Constitutionality of the old-age and unemployment insurance provisions of the Social Security Act upheld by the U. S. Supreme Court.
June 24	Railroad Retirement Act of 1937, amending portions of the 1935 act, which had been challenged in the lower courts, enacted.
June 30	Unemployment insurance legislation became Nation-wide, with approved laws in all States.
1938	
Jan.	Unemployment benefits first payable in 22 States.
Jan. 1	Federal unemployment tax increased to 3 percent of payrolls, with credit offset.
June 25	Railroad Unemployment Insurance Act approved.
Dec.	All 51 jurisdictions were paying old-age assistance under approved State plans.
Dec. 10	Advisory Council on Social Security issued its report and recommendations on old-age insurance.
1939	
July 1	Federal Security Agency established in accordance with the President's Reorganization Plan No. 1 of 1939 integrating in one administrative unit the Social Security Board (to which

was transferred the U. S. Employment Service), the U. S. Public Health Service, Civilian Conservation Corps, National Youth Administration, and U. S. Office of Education.

Unemployment benefits first payable under the Railroad Unemployment Insurance Act.

AUG. 10 Social Security Act Amendments of 1939 enacted. Among major provisions, old-age insurance was broadened to provide benefits for dependents and survivors and payment of monthly benefits was advanced to 1940; old-age and survivors insurance trust fund established; scheduled increase in contribution rates for old-age and survivors insurance postponed for 1940–42; Federal share of public assistance payments was increased; annual authorization of grants to States was increased for maternal and child health and child welfare services and program was extended to Puerto Rico.

1940

JAN. Monthly benefits first became payable under old-age and survivors insurance to aged retired workers and their dependents and to survivors of deceased insured workers.

JUNE 30 Under the President's Reorganization Plan No. 4 of 1940, the Federal Security Agency received by transfer from other agencies the Food and Drug Administration (except certain specified functions), St. Elizabeths Hospital, Freedmen's Hospital, Columbia Institution for the Deaf, and Howard University.

NOV. 28 National Defense Council, with approval of the President, designated the Federal Security Administrator as coordinator of all health, medical, welfare, nutrition, recreation, and related fields of activity affecting the national defense.

1941

D53. 19 The President requested State governors to turn over to the Social Security Board the operation of the State-administered employment offices, to effect fullest utilization of the Nation's labor supply.

1942

JAN. 1 States transferred all functions of the State employment services to the Social Security Board.

FEB. 9 Operating responsibility for providing assistance and service to enemy aliens removed from the west coast was given to the Social Security Board.

FEB. 26 Social Security Board authorized to administer benefits, assistance, and other services for civilians affected by enemy action; hospitalization and medical care had been made the responsibility of the Public Health Service.

APR. 18 War Manpower Commission, with the Federal Security Administrator as Chairman, created by the President.

APR. 29 Rhode Island enacted the first State law providing cash sickness benefits to workers covered by its unemployment insurance law.

JUNE 23 Servicemen's Dependents Allowance Act of 1942 enacted; provided family allowances for dependents of enlisted men in the four lowest pay grades of the Armed Forces.

SEPT. 17 U. S. Employment Service, National Youth Administration, apprenticeship training service, and training-within-industry service transferred to the War Manpower Commission, by Executive order, thus consolidating all authority over employment and employment training within the Commission.

1943	
MAR. 18	Federal grants to State health departments authorized for emergency maternity and infant care for wives and infants of enlisted men in specified grades of the Armed Forces; administrative responsibility for the program carried by the Children's Bureau.
JUNE 30	With liquidation of the Work Projects Administration and the student work program of the National Youth Administration, Federal financial participation in public aid became limited to the special types of public assistance under the Social Security Act.
JULY 6	Vocational rehabilitation provisions of the Social Security Act became inoperative with enactment of the Vocational Rehabilitation Act Amendments, which greatly expanded the program and made the Federal Security Administrator responsible for its administration.
1944	
FEB. 25	Social Security Act (title II) amended to authorize appropriation from general funds of the Treasury to the old-age and survivors insurance trust fund of any additional amounts required to finance benefits and payments.
MAY 29	Michigan added provision for dependents' allowances to its State unemployment insurance law; only one State had included such provision in its original law.
JUNE 22	Servicemen's Readjustment Act of 1944, popularly known as the GI Bill of Rights, approved. Provided for expansion of hospital facilities; educational and training allowances; guaranty of loans for aid in acquiring or constructing homes, farms, or business property; special placement services through the U. S. Employment Service; and readjustment allowances while the veteran is finding employment.
JULY 1	Public Health Service Act passed; combined in one body of law all legislation concerning the Public Health Service. The act removed from the Social Security Act title VI under which grants were made to States for public health services.
OCT. 3	War Mobilization and Reconversion Act amended the Social Security Act by establishing a Federal unemployment account in the unemployment trust fund from which States might borrow, up to July 1947, when their own unemployment funds reached a certain level.
1945	
JULY 3	The Labor-Federal Security Appropriation Act, 1946, provided that jurisdiction over the employment services should be returned to the States within 3 months after the "cessation of hostilities."
SEPT. 19	War Manpower Commission terminated; substantially all its functions, including the U. S. Employment Service, transferred to the Department of Labor under the terms of the First War Powers Act. Under that act, the Employment Service was scheduled to return to the Federal Security Agency within 6 months after the official termination of the war.
1946	
JAN. 17	Social Security Technical Staff of the House Ways and Means Committee presented its report (*Issues in Social Security*) on necessary amendments to the Social Security Act.

Feb. 20	Employment Act of 1946 enacted "to declare a continuing national policy on employment, production, and purchasing power."
July 16	Under President Truman's Reorganization Plan No. 2 of 1946, the Social Security Board and the U. S. Employees' Compensation Commission were abolished and their functions transferred to the Federal Security Administrator; the Children's Bureau (except its child labor functions) was also transferred from the Department of Labor. The Federal Security Administrator established the Social Security Administration within the Federal Security Agency to carry on the programs formerly under the Social Security Board—old-age and survivors insurance, unemployment insurance, public assistance—and those of the Children's Bureau.
July 31	Railroad Retirement Act and Railroad Unemployment Insurance Act amendments established monthly survivor benefits and sickness and maternity benefits. Provision making wages earned in railroad employment applicable for survivor benefits under the Social Security Act in effect amended the latter act.
Aug. 2	Senate Resolution 320 authorized the Senate Finance Committee to study the present Social Security Act and provisions for its extension.
Aug. 10	Social Security Act Amendments of 1946 enacted. Major provisions include monthly benefits for survivors of certain World War II veterans who die within 3 years of discharge from military service; coverage of private maritime employment under State unemployment insurance laws; temporary Federal program (title XIII of Social Security Act) for unemployment benefits to seamen whose wartime employment was technically Federal employment; permission for States that have collected employee contributions under State unemployment insurance laws to use the money for financing disability insurance benefits; an increase for the period October 1946–December 1947 in Federal financial participation in public assistance payments; and an increase in total Federal grants for maternal and child health and child welfare services and extension of the provisions to the Virgin Islands.
Nov. 15	Public employment offices returned to State administration and control, as directed by legislation enacted July 26.
1947	
July 23	Senate Resolution 141, superseding Senate Resolution 320 (August 2, 1946), gave the Senate Finance Committee authorization and appropriation for investigating the social security program; the Committee was authorized to appoint an Advisory Council to assist and advise in the study.
Aug. 6	Social Security Act Amendments of 1947 held employer and employee contribution rates (previously frozen annually from 1943 through 1947) at 1 percent each for 1948 and 1949, and increased them to 1½ percent each for 1950 and 1951 and to 2 percent each in 1952 and thereafter (the 1939 amendments had set the ultimate rate at 3 percent). Termination date for increased Federal grants for the three public assistance programs extended through June 1950. Termination date of

legislation authorizing appropriations to a special Federal unemployment account, from which a State may borrow for unemployment insurance payments when its own fund becomes low, extended through 1949.

1948

Feb. 28	Civil Service Retirement Act amended to include, among other changes, protection for survivors of Federal employees.
Apr. 8	Advisory Council on Social Security presented its first report, with recommendations on old-age and survivors insurance, to the Senate Finance Committee.
Apr. 13	Workmen's compensation legislation became nationwide, with Mississippi's enactment of such a law.
Apr. 20	Services performed by certain newspaper and magazine vendors excluded by congressional action from coverage under old-age and survivors insurance and the Federal Unemployment Tax Act.
May 5	Advisory Council on Social Security presented its second report, with recommendations for an insurance system to cover the risks of permanent and total disability, to the Senate Finance Committee.
June 2	Railroad Retirement Act amended to increase certain retirement and survivor benefits, and Railroad Unemployment Insurance Act amended to reduce the employer tax through a system of merit rating.
June 14	Definition of term "employee" in the Social Security Act and related sections of the Internal Revenue Code amended by congressional action and restricted to the "usual common-law rules" applicable in determining employer-employee relationship.
June 16	U. S. Employment Service transferred by congressional action from the Department of Labor to the Federal Security Agency, as of July 1, 1948, and placed in the Bureau of Employment Security of the Social Security Administration.
July 29	Administration of the Federal Credit Union Act transferred from the Federal Deposit Insurance Corporation to the Federal Security Agency, and the Bureau of Federal Credit Unions established within the Social Security Administration.
Aug. 5	Advisory Council on Social Security presents its third report, on changes in public assistance, to the Senate Finance Committee.
Dec. 28	Advisory Committee on Social Security presents its fourth and final report, on improving the State-Federal system of unemployment insurance, to the Senate Finance Committee.

1949

Aug. 20	Bureau of Employment Security transferred from the Social Security Administration to the Department of Labor.

1950

Jan. 1	Contribution rate for old-age and surviors insurance increased to 1½ percent each on employer and employee.
Apr. 19	Act for the rehabilitation of Navajo and Hopi Tribes of Indians includes provision for increased Federal participation in public assistance payments.
Aug. 28	Social Security Act Amendments of 1950. Among major provisions, coverage of old-age and survivors insurance was

extended to about 10 million additional persons, and benefits were substantially increased. A long range contribution schedule superseded that mentioned in August 6, 1947 item. Provision mentioned in February 25, 1944 item repealed. Earnings base increased from $3,000 to $3,600. Retirement test liberalized, including the fact that payments became annuities at age 75. Military service wage credits of $160 a month provided for World War II. In public assistance, a new program of aid to the permanently and totally disabled was established, aid to dependent children was broadened to include, for Federal matching purposes, the relative with whom the dependent child is living; Federal matching provisions were extended to payments to aged and blind persons in certain types of public medical institutions and to payments made by the State directly to doctors, hospitals, and other persons supplying medical care to recipients. In the maternal and child health and child welfare programs the maximum authorizations for grants were increased. Both old-age and survivors insurance and public assistance programs were extended to Puerto Rico and the Virgin Islands.

1951

FEB. For the first time, aged beneficiaries of OASI outnumbered OAA recipients.

OCT. Congress enacts legislation authorizing the Federal Security Administrator to certify grants-in-aid to States that have by legislation specified the conditions under which public access may be had to records concerning public assistance payments if such legislation specifies that information so obtained should not be used for political or commercial purposes.

OCT. 30 Railroad Retirement Act amended; increased benefits and made them payable to aged wives and dependent aged husbands or widowers of railroad workers; provided for transfer to old-age and survivors insurance of the wage records of workers who die or retire with less than 10 years of railroad employment.

1952

JULY 18 Social Security Act Amendments of 1952. Among other changes, increased old-age and survivors insurance benefits and raised from $50 to $75 a month the amount beneficiaries may earn in covered employment without suspension or reduction in monthly benefits; military service wage credits under old-age and survivors insurance provided from end of World War II through 1953; increased Federal share of public assistance payments for 2-year period.

1953

APR. 11 Reorganization Plan No. 1 became effective abolishing the Federal Security Agency and transferring all of its powers and responsibilities to a new Department of Health, Education, and Welfare.

APR. 11 Mrs. Oveta Culp Hobby sworn in as Secretary of the new Department.

MAY Nevada legislature authorized plan for aid to the blind. All 53 jurisdictions administering such programs.

June 24 — Consultants on Social Security, appointed by Secretary Hobby, submitted report on extension of coverage of old-age and survivors insurance.

Aug. 5 — Federal Unemployment Tax Act amended to cover Federal seamen under unemployment insurance.

Aug. 14 — The President signed Public Law 269 extending the period of giving wage credits for active military duty to July 1, 1955.

Aug. 15 — The President signed Public Law 279 authorizing Wisconsin to make an agreement with the Secretary to give old-age and survivors insurance coverage to employees of the State and its political subdivisions even though such employees are covered by a State or local government retirement plan.

Nov. — John W. Tramburg named Commissioner of Social Security.

1954

Jan. 1 — Contribution rate for old-age and survivors insurance increased to 2 percent each on employer and employee.

June 16 — Railroad Retirement Act amended to repeal 1951 provision that barred dual receipt of benefits under that program and under old-age and survivors insurance if any part of the railroad retirement annuity was based on service before 1937.

July — John W. Tramburg resigned; Charles I. Schottland named Commissioner of Social Security.

Aug. 3 — Vocational Rehabilitation Act amended to require cooperation of vocational rehabilitation agencies with State public assistance agencies, the Bureau of Old-Age and Survivors Insurance, and other public agencies providing services related to vocational rehabilitation services.

Aug. 5 — Employment Security Administrative Financing Act approved; provided that the excess of collections of the Federal unemployment tax over employment security administrative expenditures be used to maintain a permanent reserve of $200 million in the Federal unemployment account, which will lend funds to States with depleted reserves and return amounts in excess of $200 million to the States for benefit payments or administrative expenses.

Aug. 31 — Railroad Retirement Act amended to reduce to age 60 the eligibility age for survivor benefits for widows, dependent widowers, and parents, and raise the wage base for contributions and benefits to $350 a month; Railroad Unemployment Insurance Act amended to increase unemployment and sickness benefits.

Sept. 1 — Social Security Amendments of 1954. Among major provisions, coverage under old-age and survivors insurance was extended to approximately 10 million more working people, including self-employed farmers, farm and household employees, regardless of work regularity, and persons self-employed as professional engineers, accountants, architects, and funeral directors. Ministers and members of religious orders can have coverage on an individual elective basis. Monthly payments to current and future beneficiaries were substantially increased, and provision was made for preserving the benefit rights of the totally disabled. The earnings base was raised to $4,200 in a year. All beneficiaries are permitted earnings up to $1,200 in a year without loss of any payments, and payments now

become an annuity at age 72. A revised long-range contribution schedule was provided. Extended until October 1956 is the present formula governing Federal share of public assistance.

1955

FEB. 8 — Medical Advisory Committee appointed to advise the Social Security Administration on the medical aspects of administering the disability freeze under old-age and survivors insurance.

AUG. 1 — Oveta Culp Hobby resigned; Marion B. Folsom sworn in as Secretary of Department.

AUG. 9 — Social Security Act amended to provide wage credits for active military service through March 1956.

1956

AUG. 1 — Social Security Amendments of 1956. Major changes in old-age and survivors insurance made benefits available to women at age 62, and provided that (beginning July 1, 1957) insured workers who are disabled for any substantial gainful activity can, under certain conditions, get benefit payments between the ages of 50 and 65. Benefits were provided for the disabled child of a deceased or retired insured worker after age 18 if the child's disability began before 18. Numerous changes in coverage provisions included the extension of coverage to all self-employed professional groups, except doctors of medicine. The contribution rate was increased, effective in 1957, by ¼ percent each for employees and employers and ⅜ percent for self-employed persons, which is automatically appropriated to a separate disability insurance trust fund.

In public assistance, the Federal share of State assistance payments was increased and the maximum payment raised for a period ending June 30, 1959; the ceiling on Federal matching funds for Puerto Rico and the Virgin Islands was raised. New provision was made in each assistance program for separate Federal sharing in State medical care costs paid directly to suppliers of medical services. The objective of furnishing appropriate public welfare services to help assistance recipients toward more independent living was included in each of the four public assistance titles and new provision was made for Federal funds to States to train personnel for public assistance programs. The aid to dependent children program was broadened.

An amendment to title XI of the Social Security Act, which has great significance for all the social security programs, authorizes cooperative research or demonstration projects such as those relating to the prevention or reduction of dependency or to improve the effectiveness of programs under the Act or related programs.

AUG. 1 — The Servicemen's and Veterans' Survivor Benefits Act became a law. Under this act members of the uniformed services on active duty or in training for active duty were brought under the old-age, survivors, and disability insurance program of the social security system on a permanent contributory basis after 1956. Also, military service wage credit provision was extended to end of 1956.

1957

JULY — Monthly disability insurance benefits first became payable under the old-age, survivors and disability insurance program.

Amendment to the Social Security Act extended through June 30, 1958, the period during which an application for a disability determination may be granted full retroactivity and eliminated the disability "offset" provision with respect to service-connected compensation paid by the Veterans Administration.

The 1956 amendment providing Federal matching for medical care in assistance programs became effective.

Social Security Act amended to permit States to use either 1956 provisions for financing medical care or earlier provisions.

AUGUST — Old-age and survivors insurance program amended to change the "living with" requirements for certain benefits to "existing valid marriage"; and to extend the time for ministers to elect coverage.

Selected Bibliography

The following list is offered for the convenience of the reader who may want to follow in more detail some of the points touched on in the preceding pages. The list is confined largely to Government publications and is in no sense comprehensive or exhaustive.

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Background papers and the findings of the Third American Assembly.

BLACKWELL, GORDON W., and GOULD, RAYMOND F. *Future Citizens All.* Chicago: American Public Welfare Association, 1952. 181 pp.

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Papers on the origin and development of the social security program.

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Monthly data on operations of social insurance, public assistance, and related programs, with special articles on research studies and administrative developments bearing on those programs.

Social Security Yearbook. By the Social Security Administration. Washington: U. S. Govt. Print. Off., 1940–50. (This publication, an annual calendar-year supplement to the *Social Security Bulletin,* was issued as a separate publication for the years 1939–48. Calendar-year data for later years are published regularly as an annual statistical supplement in each September issue of the *Bulletin; Annual Statistical Supplement, 1955,* is a separate publication.)

The basic reference source on the socio-economic, financial, and administrative aspects of various public measures for social security and related purposes.

Social Work Year Book, 1957. A Description of Organized Activities in Social Work and in Related Fields. Russel H. Kurtz, editor. 13th issue. New York: American Association of Social Workers, 1957. 752 pp.

Contains signed articles, supplemented by reading lists, giving a factual cross-section view of organization and practice in the various fields of social work. Includes directories of international organizations and government and voluntary agencies in Canada and the United States.

Somers, Herman Miles, and Somers, Anne Ramsey. *Workmen's Compensation: Prevention, Insurance, and Rehabilitation of Occupational Disability.* New York: John Wiley & Sons, Inc., 1954. 341 pp.

A study covering all aspects of workmen's compensation—history, legislation, and actual benefit experience—as well as the related fields of industrial safety, health, and rehabilitation.

U. S. Advisory Council on Social Security. *Recommendations for Social Security Legislation. A Report to the Senate Committee on Finance from the Advisory Council on Social Security.* (S. Doc. 208, 80th Cong., 2d sess.) Washington: U. S. Govt. Print. Off., 1949. 236 pp.

A compilation of the Council's four reports—on old-age and survivors insurance, permanent and total disability insurance, public assistance, and unemployment insurance—which appeared in 1948 as separate Senate documents.

U. S. Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds. *Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds: Seventeenth Annual Report.* (H. Doc. 180, 85th Cong., 1st sess.) Washington: U. S. Govt. Print. Off., 1957. 54 pp.

Report for the fiscal year ended June 30, 1956; includes estimates of income and expenditures for the next 5 years and a report on the actuarial status of the trust funds.

U. S. Commission on Intergovernmental Relations. Study Committee on Federal Aid to Welfare. *Federal Aid to Welfare. Report . . .* Washington: U. S. Govt. Print. Off., 1955. 115 pp.

Surveys the problems of Federal-State relations in the field of welfare, discusses the essential basic principles in Federal-State relations, and considers how to achieve the best relations in the light of these principles.

U. S. Committee on Economic Security. *Report to the President.* Washington: U. S. Govt. Print. Off., 1935. 74 pp.

The Committee's recommendations were considered at length in congressional hearings and became the basis of the Social Security Act of 1935.

U. S. Committee on Economic Security. *Social Security in America: The Factual Background of the Social Security Act as Summarized from Staff Reports to the Committee on Economic Security.* Published for the Committee on Economic Security by the Social Security Board. Washington: U. S. Govt. Print. Off., 1937. 592 pp. (Out of Print.)

A study of the Social Security Act of 1935, including the American background and the European experience.

U. S. Congress. House. Committee on Ways and Means. *Amendments to Social Security Act. Hearings . . . 79th Congress, 2d Session on Social Security Legislation.* Washington: U. S. Govt. Print. Off., 1946. 3 vols.

Volume 1 deals with old-age and survivors insurance, volume 2 with public assistance, and volume 3 with unemployment compensation.

U. S. Congress. House. Committee on Ways and Means. *Economic Security Act. Hearings on H. R. 4120, 74th Congress, 1st Session.* Washington: U. S. Govt. Print. Off., 1935. 1,141 pp. (Out of Print.)

U. S. Congress. House. Committee on Ways and Means. *Social Security. Hearings Relative to the Social Security Act Amendments of 1939, 76th Congress, 1st Session.* Washington: U. S. Govt. Print. Off., 1939. 3 vols. (Out of Print.)

A comprehensive record of accomplishments and problems of the social security program.

U. S. Congress. House. Committee on Ways and Means. *Social Security Act Amendments of 1939.* (H. Rept. 728 on H. R. 6635, 76th Cong., 1st sess.) Washington: U. S. Govt. Print. Off., 1939. 121 pp.

An important reference source explaining in detail the amendments proposed by the House Ways and Means Committee.

U. S. Congress. House. Committee on Ways and Means. *Social Security Act Amendments of 1949. Hearings on H. R. 2892 and H. R. 2893, 81st Congress, 1st Session.* Washington: U. S. Govt. Print. Off., 1949. 2 vols.

Volume 1 deals with public assistance and public welfare, volume 2 with old-age survivors, and disability insurance.

U. S. Congress. House. Committee on Ways and Means. *Social Security Act Amendments of 1949.* (H. Rept. 1300 on H. R. 6000, 81st Cong., 1st sess.) Washington: U. S. Govt. Print. Off., 1949. 207 pp.

U. S. Congress. House. Committee on Ways and Means. *Social Security Act Amendments of 1952.* (H. Rept. 1944 on H. R. 7800, 82d Cong., 2d sess.) Washington: U. S. Govt. Print. Off., 1952. 51 pp.

U. S. Congress. House. Committee on Ways and Means. *Social Security Act Amendments of 1954. Hearings, 83d Congress, 2d Session, on H. R. 7199.* Washington: U. S. Govt. Print. Off., 1954. 883 pp.

U. S. Congress. House. Committee on Ways and Means. *Social Security Amendments of 1954.* (H. Rept. 1698 on H. R. 9366, 83d Cong., 2d sess.) Washington: U. S. Govt. Print. Off., 1954. 98 pp.

U. S. Congress. House. Committee on Ways and Means. *Social Security Act Amendments of 1955.* (H. Rept. 1189 on H. R. 7225, 84th Cong., 1st sess.) Washington: U. S. Govt. Print. Off., 1955. 72 pp.

U. S. Congress. House. Committee on Ways and Means. Social Security Technical Staff. *Issues in Social Security . . . .* Washington: U. S. Govt. Print. Off., 1946. 742 pp.

Describes the old-age and survivors insurance, public assistance, and unemployment compensation programs, reviews proposed changes in each, and evaluates the purpose, effect, and cost of such changes. Appendixes carry statistical data and other factual material on each program.

U. S. Congress. House. Committee on Ways and Means. Subcommittee on Social Security. *Analysis of the Social Security System. Hearings, 83d Congress, 1st Session.* Washington: U. S. Govt. Print. Off., 1953 and 1954. 6 parts and appendix I and II.

U. S. Congress. Joint Committee on Reduction of Nonessential Federal Expenditures. *Federal Grants-In-Aid to States.* (S. Doc. 101, 82d Cong., 2d sess.) Washington: U. S. Govt. Print. Off., 1952. 319 pp.

Presents data, in tabular form, on direct payments to States under cooperative arrangements and Federal expenditures with States for relief and other aid.

U. S. Congress. Senate. Committe on Finance. *Economic Security Act. Hearings on S. 1130, 74th Congress, 1st Session.* Washington: U. S. Govt. Print. Off., 1935. 1,354 pp. (Out of Print.)

U. S. Congress. Senate. Committee on Finance. *Social Security Act Amendments. Hearings on H. R. 6635, 76th Congress, 1st Session.* Washington: U. S. Govt. Print. Off., 1939. 554 pp. (Out of Print.)

U. S. Congress. Senate. Committee on Finance. *Social Security Act Amendments of 1939.* (S. Rept. 734 on H. R. 6635, 76th Cong., 1st sess.) Washington: U. S. Govt. Print. Off., 1939. 39 pp.

U. S. Congress. Senate. Committee on Finance. *Social Security Act Amendments of 1950.* (S. Rept. 1669 on H. R. 6000, 81st Cong., 1st sess.) Washington: U. S. Govt. Print. Off., 1950. 319 pp.

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U. S. Congress. Senate. Committee on Finance. *Social Security Act Amendments of 1954. Hearings on H. R. 9366, 83d Congress, 2d Session.* Washington: U. S. Govt. Print. Off., 1954. 746 pp.

U. S. CONGRESS. SENATE. COMMITTEE ON FINANCE. *Social Security Act Amendments of 1954.* (S. Rept. 1987 on H. R. 9366, 83d Cong., 2d sess.) Washington: U. S. Govt. Print. Off., 1954. 183 pp.

U. S. CONGRESS. SENATE. COMMITTEE ON FINANCE. *Social Security Act Amendments of 1955. Hearings, 84th Congress, 2d Session, on H. R. 7225.* Washington: U. S. Govt. Print. Off., 1956. 3 vols.

U. S. CONGRESS. SENATE. COMMITTEE ON FINANCE. *Social Security Amendments of 1956.* (S. Rept. 2133 on H. R. 7225, 84th Cong., 2d sess.) Washington: U. S. Govt. Print. Off., 1956. 141 pp.

U. S. CONGRESS. SENATE. COMMITTEE ON FINANCE. *Social Security Revision. Hearings, 81st Congress, 2d Session, on H. R. 6000, An Act To Extend and Improve the Federal Old-Age and Survivors Insurance System, To Amend the Public Assistance and Child Welfare Provisions of the Social Security Act, and for Other Purposes.* Washington: U. S. Govt. Print. Off., 1950. 3 vols.

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A compilation of documents on older persons in the United States and their problems, with the following titles: 1, Federal and State Activities; 2, Health and Health Services; 3, Income and Income Maintenance; 4, Employment; 5, Public and Private Services for Older People: Rehabilitation, Housing and Living Arrangements, Education, and Community Services; 6, Care of the Aging by the Veterans' Administration; 7, Guide to Significant Publications; 8, Population: Current Data and Trends; 9, Research, Demonstration and Training; and 10, Projects in Aging.

U. S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE. SOCIAL SECURITY ADMINISTRATION. *Annual Report of the Social Security Administration.* (Reports for fiscal years 1936–46, issued as *Annual Report of the Social Security Board.*) Washington: U. S. Govt. Print. Off., 1937 to date.

The reports contain an authoritative review of social security operations and the recommendations of the Social Security Administration for strengthening and extending the social security program. Beginning with the fiscal year 1944, and through 1952, the reports constitute a section of the *Annual Report of the Federal Security Agency,* and since that date the reports constitute a section of the *Annual Report of the Department of Health, Education, and Welfare.*

U. S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE. SOCIAL SECURITY ADMINISTRATION. *Basic Readings in Social Security: Social Welfare—Social Insurance.* (Publication No. 28 — 1956.) Compiled by the Departmental Library. Washington: U. S. Govt. Print. Off., 1957. 144 pp.

A bibliography of significant books, pamphlets, and articles on the Social Security Act, the programs administered under the act, and related subjects.

U. S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE. SOCIAL SECURITY ADMINISTRATION. BUREAU OF OLD-AGE AND SURVIVORS INSURANCE. *Handbook of Old-Age and Survivors Insurance Statistics: Employment, Wages, and Insurance Status of Workers in Covered Employment, 1953–54.* Washington: U. S. Govt. Print. Off., 1957. 208 pp.

U. S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE. SOCIAL SECURITY ADMINISTRATION. BUREAU OF PUBLIC ASSISTANCE. *Characteristics of State Public Assistance Plans Under the Social Security Act: Old-Age Assistance, Aid to the Blind, Aid to Dependent Children, Aid to the Permanently and Totally Disabled.* (Public Assistance Report No. 27.) Washington: U. S. Govt. Print. Off., 1956. No paging.

U. S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE. SOCIAL SECURITY ADMINISTRATION. BUREAU OF PUBLIC ASSISTANCE. *Citizen Participation in Public Welfare Programs—Supplementary Services for Volunteers,* by Elizabeth Kilborne and Evalyn Weller. Washington: U. S. Govt. Print. Off., 1956. 46 pp.

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Traces the historical development of social welfare programs in the United States and describes the programs administered by Federal, State, and local governments as well as by voluntary organizations.

U. S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE. SOCIAL SECURITY ADMINISTRATION. BUREAU OF PUBLIC ASSISTANCE. *Trend Report: Graphic Presentation of Public Assistance and Related Data.* Washington: The Bureau, October 1956. 82 pp. An annual release.

U. S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE. SOCIAL SECURITY ADMINISTRATION. CHILDREN'S BUREAU. *Four Decades of Action for Children: A Short History of the Children's Bureau,* by Dorothy E. Bradbury. (Children's Bureau Publication No. 358.) Washington: U. S. Govt. Print. Off., 1956. 90 pp.

U. S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE. SOCIAL SECURITY ADMINISTRATION. CHILDREN'S BUREAU. *Medical Social Services for Children in the Maternal and Child Health and Crippled Children's Programs.* (Children's Bureau Publication No. 343.) Washington: U. S. Govt. Print. Off., 1953, 49 pp.

U. S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE. SOCIAL SECURITY ADMINISTRATION. CHILDREN'S BUREAU. *Your Children's Bureau: Its Current Program.* (Children's Bureau Publication No. 357.) Washington: U. S. Govt. Print. Off., 1956. 48 pp.

U. S. DEPARTMENT OF LABOR. BUREAU OF EMPLOYMENT SECURITY. *Annual Report, Fiscal Year, 1955.* Washington: U. S. Govt. Print. Off., 1956. 60 pp.

Includes State-by-State data on coverage, benefit provisions, claims and beneficiaries, amount and duration of benefits, financial data, unemployment compensation for veterans, and temporary disability programs.

U. S. DEPARTMENT OF LABOR. BUREAU OF EMPLOYMENT SECURITY. *Comparison of State Unemployment Insurance Laws as of December 1955.* Washington: U. S. Govt. Print. Off., 1956. 141 pp.

A report on coverage, financing, benefits, eligibility conditions, and administrative organization, and on the three temporary disability insurance programs coordinated with unemployment insurance.

U. S. DEPARTMENT OF LABOR. BUREAU OF EMPLOYMENT SECURITY. *Unemployment Insurance Legislative Policy: Benefits and Eligibility, 1953.* Washington: The Bureau, 1953. 71 pp. Processed.

U. S. DEPARTMENT OF LABOR. BUREAU OF LABOR STANDARDS. *State Workmen's Compensation Laws as of September 1954.* (Bulletin No. 161.) Washington: U. S. Govt. Print. Off., 1955. 56 pp.

U. S. INTERDEPARTMENTAL COMMITTEE ON CHILDREN AND YOUTH. *Programs of the Federal Government Affecting Children and Youth.* Washington: U. S. Govt. Print. Off., 1951. 126 pp.

Traces the development of these programs, describes their activities and discusses the international programs on which Federal agencies cooperate. Includes a list of Federal programs by department and agency.

U. S. LAWS. *Compilation of the Social Security Laws, Including the Social Security Act, as Amended, and Related Enactments Through December 31, 1956.* (S. Doc. 156, 84th Cong., 2d sess.) Washington: U. S. Govt. Print. Off., 1957. 351 pp.

U. S. NATIONAL RESOURCES PLANNING BOARD. COMMITTEE ON LONG-RANGE WORK AND RELIEF POLICIES. *Security Work, and Relief Policies, 1942.* Washington: U. S. Govt. Print. Off., 1942. 640 pp.

A thorough analysis of public aid in the United States, including social insurance, assistance and relief, work programs, and related activities. Traces recent developments; studies factors of scope, adequacy, and eligibility; and analyzes finance and administration.

WITMER, HELEN LELAND, and KOTINSKY, RUTH, editors. *Personality in the Making: The Fact-Finding Report of the Midcentury White House Conference on Children and Youth.* New York: Harper and Brothers, 1952. 454 pp.

Persons receiving payments and the amount of such payments under social insurance and related programs and public assistance in 1956

	Persons [1]	*Amounts (annual expenditures, 000 omitted)*
Total civilian population	165, 256, 000	
Annual average number of employed persons in civilian labor force	64, 979, 000	
Population aged 65 and over July 1, 1956	14, 426, 000	
Population under age 18 July 1, 1956	57, 359, 000	
Gross National Product		$414, 700, 000
SOCIAL INSURANCE AND RELATED PROGRAMS		
Total	(2)	13, 143, 040
Old-age retirement	(2)	5, 915, 431
Old-age and survivors insurance	6, 190, 900	4, 361, 231
Railroad retirement	347, 300	379, 782
Federal civil-service	179, 200	315, 990
Other Federal contributory [3]	2, 600	5, 085
Federal noncontributory [3]	115, 700	312, 493
State and local government retirement [4]	345, 000	470, 000
Veterans' program	55, 900	70, 850
Survivorship:		
Monthly benefits	(2)	2, 241, 123
Old-age and survivors insurance	2, 282, 300	1, 244, 073
Railroad retirement	211, 500	133, 171
Federal civil-service	80, 200	49, 675
State and local government retirement [4]	50, 000	40, 000
Veterans' program	1, 173, 900	699, 204
Workmen's compensation [5]	(6)	75, 000
Lump-sum payments		196, 994
Old-age and survivors insurance		109, 304
Railroad retirement		14, 548
Federal civil-service		9, 853
Other Federal contributory		795
State and local government retirement [4]		45, 000
Veterans' program		17, 494
Disability	(2)	3, 279, 406
Workmen's compensation [5]	(6)	525, 000
Veterans' program	2, 682, 400	2, 030, 948
Railroad retirement	89, 800	110, 663
Federal civil-service	66, 000	84, 657
Federal noncontributory	87, 100	213, 000
State and local government retirement [4]	50, 000	50, 000
State temporary disability [7]	86, 500	213, 600
Railroad temporary disability insurance	30, 300	49, 538
Unemployment	(2)	1, 512, 086
State unemployment insurance	1, 037, 000	1, 380, 726
Railroad unemployment insurance	47, 600	70, 443
Veterans' legislation	50, 700	60, 917
PUBLIC ASSISTANCE [8]		
Total [9]	(2)	2, 861, 043
Federal-State programs	(2)	2, 593, 701
Old-age assistance	2, 514, 000	1, 676, 734
Aid to dependent children [10]	2, 271, 000	663, 310
Aid to the blind	107, 000	76, 973
Aid to the permanently and totally disabled	269, 000	176, 684
General assistance (cases) [11]	305, 000	197, 647

SEE FOOTNOTES ON FOLLOWING PAGE

FOOTNOTES TO TABLE ON PRECEDING PAGE

[1] Population as of July 1, 1956, for continental United States; other figures include data for Alaska, Hawaii, Puerto Rico, and the Virgin Islands where appropriate. Beneficiary data represent average monthly number except unemployment insurance and temporary disability insurance which are average weekly or biweekly number and public assistance recipients which are as of December 1956.

[2] The number of persons cannot be totaled, because a person may be receiving payments under more than one program.

[3] Includes a small but unknown number and amount of disability and survivor beneficiaries and payments.

[4] Preliminary, for fiscal years of systems. Under survivorship, number represents families.

[5] Preliminary; a small but unknown amount of lump-sum death payments included with monthly survivor payments. Disability benefits exclude payments for medical care.

[6] Not available.

[7] Excludes private-plan beneficiaries (but includes private plan benefits) in California and New Jersey. Excludes hospital benefits in California, and hospital, surgical and medical care benefits paid under approved plans in New York.

[8] Except for general assistance, includes persons receiving assistance for medical care only and amounts paid directly to the suppliers of such care.

[9] Total exceeds sum of items because of inclusion of vendor payments for medical care from general assistance funds and from special medical funds.

[10] Number represents 1,732,000 children in 616,000 families, plus 1 parent or other adult relative in families in which the requirements of at least 1 such adult were considered in determining the amount of assistance.

[11] Includes 729,000 persons.

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